The Financial Times, September 15, 1976

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NEWS SUMMARY

GENERAL

Vorster and Smith in talks

..s Mr. John Vorster, South African Premier, held two meetings with Mr. Ian Smith, Rhodesian Prime Minister, in Pretoria yesterday against a background of continuing disturbances in South Africa, Mr. Henry Kissinger, U.S. Secretary of State, arrived in Tanzania at the start of his shuttle efforts to resolve some of Southern Africa's most pressing issues.

These diplomatic endeavours were launched in the teeth of police reports of more than 900 arrests in the black township of Alexandria near Johannesburg.

In other black demonstrations 00 schoolchildren were arrested en masse, 500 in Port Elizabeth and 200 at Durban. Cape Town was comparatively quiet, experiencing its calmest day since rioting started there a month ago.

Meanwhile, the Labour Party International committee called for a freeze on new British investment in South Africa and other business sanctions. Back and Page 8

Bank of England man suspended

Mr. Martin Wales, one of 50 signatories in the exchange control department of the Bank of England, has been suspended on full pay while alleged breaches of exchange control regulations involving a Bank employee are investigated. Back Page

Electoral move by Liberals

Liberals, gathering at Llandudno for to-day's opening of their party conference, were last night urging the forthcoming introduction of the Government's Devolution Bill as a vehicle for winning proportional representation. Prospects for the Bill, upon which the Government's electoral fortunes in Scotland could depend, would be bleak in the absence of Liberal Parliamentary support. Back Page

Belfast protest

About 200 women took to the streets in Belfast yesterday in an attempt to end the two years of violence that has disrupted life in some Protestant areas. Back Page

Dry Devon

Though heavy rain has spared other parts of Britain from standpipes for the time being, thousands of people in 30 towns and villages in Devon will have to draw water from standpipes from 8 a.m. to-day when supplies to their homes are cut off indefinitely. Torential rain fell in many parts of Sussex last night.

Wilson records

Two men were found guilty at the Old Bailey yesterday of dishonestly handling papers belonging to Sir Harold Wilson, the former Prime Minister. After being found not guilty on other charges one of the men was jailed for six months suspended for two years. The other was jailed for six months for handling the papers and 12 months concurrently on associated charges.

Typhoid scare

Ten cases of typhoid fever have been confirmed among holidaymakers returning from Salou in Tarragona in Spain.

Briefly . . .

Equal Opportunities Commission to investigate "possible discriminatory provision" by sex for boys and girls in secondary schools.

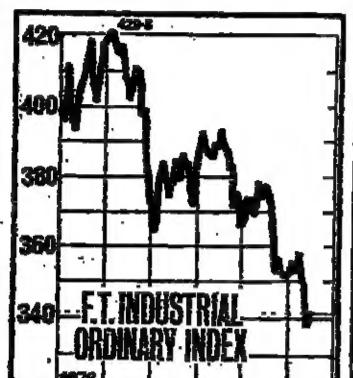
Mr. Brayley, former Labour Minister, was bailed in the sum of £1,500 at Bow Street accused of conspiracy to defraud.

Dowager Viscountess Kemsley, widow of Lord Kemsley the newspaper proprietor, died yesterday in Northampton hospital.

BUSINESS

Equities gain 2.7; gold falls $3

● EQUITIES had another uninspiring day, with very thin trade. Leading industrials tended to be marked up in late dealings on the trade figures



and the FT 30-Share Index closed at 341.4, up 2.7. But the FT-Actuaries All-Share index edged down to a fresh low for the year of 139.86. Gold Mines slipped 4.8 to 105.7 in line with bullion.

● GILTS held earlier gains ranging to ¼ after the trade figures were announced. Government Securities Index rose 0.16 to 60.33.

● STERLING closed at $1.7400, down 85 points on the day. Its trade-weighted depreciation widened to 41.2 (40.7) per cent.; dollar's widened to 2.82 (2.73) per cent.

● GOLD fell $3 to $11.50 ahead of to-day's IMF gold auction.

● WALL STREET slipped 4.65 to 978.64.

● U.S. TREASURY Bill rates: threes 5.099 (5.087), sixes 5.309 (5.333) per cent.

● JAPAN had a visible trade deficit last month—the first for seven months. Page 4

Union leaders warn car men

● LEYLAND'S future and thousands of jobs could be in jeopardy unless unnecessary disputes ended, union leaders Mr. Jack Jones and Mr. Hugh Scanlon warned Leyland workers. Page 18. Leyland hopes to win U.S. licensing contracts as a result of double-deck bus trials in New York. Page 12. Commercial vehicle sales in the U.K. last month were up 13.5 per cent. on a year earlier. Page 10

● SEAMEN'S leaders will hold further talks with TUC chiefs to-day. Hopes that a seamen's strike may be averted rose after yesterday's talks. Page 18

● BUILDING industry unemployment, now over 200,000, could rise even further, according to employers. Page 12. Number of homes on which work started in July was slightly better than at first indicated, but still well down on June. Page 12

● TEXTILE industry's plea for temporary restrictions on imports of coarse cotton yarn and fabric has been rejected by the Prime Minister. Page 10

● U.K. DOMESTIC airlines may seek further rises in air fares by April on top of increases already being sought. Page 10

● INSTANT COFFEE prices could rise by as much as a third over the next few months. Page 12

COMPANIES

● REYROLLE PARSONS nearly doubled pre-tax profit to £5.26m. (£2.74m.) on higher turnover of £72m. (£52m.) in the first half. Page 24

● MATTHEW CLARK pre-tax profit recovered to £1.66m. (£0.76m.) in the year to April 30. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...ury 3pc 1979	£88¼	+ ⅛
...quer 13¼pc '96	£93¾	+ ⅛
... Dfd.	198	+ 5
...	145	+ 6
...am	320	+ 4
...ther (W.)	180	+ 60
...	317	+ 4
...e Secs.	123	+ 3
... & Rev. 'A'	165	+ 7
...ffe (F. S.) Inds.	25	+ 3
...lle Parsons	114	+ 13
...Royce Motors	54	+ 3
...s (J.)	90	+ 5
...y (B.)	107	+ 5
...O-SCOT "OPS"	210	+ 5
Viking Oil Ptly.-Pd.	35	+ 15
Poseidon	100	+ 10
Selcast	63	+ 7

FALLS

Brotherhood (P.)	71	− 5
Hickson Welch	295	− 10
Intereuropean Prop.	51	− 3½
Kitchen Taylor	20½	− 4½
Philips' Lamp	850	− 22
Unilever	380	− 8
Shell Transport	376	− 6
Anglo American	230	− 10
Cons. Gold Fields	132	− 7
Cons. Murchison	650	− 50
Deelkraal	96	− 6
Gold Fields SA	825	− 50
Harmony	220	− 35
Hartebeest	700	− 30
Loraine	73	− 12

Trade gap narrows to £291m. in August

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Britain's visible trade deficit narrowed by £236m. to £291m. in August—the smallest monthly total since March. But the figures made little impact on sterling.

The improvement from the erratically large July deficit partly reflects the absence last month of major imports of North Sea oil installations coupled with a sharp rise in export prices.

The official view is that without the special distortions of July, the August deficit provides a clearer guide to the underlying trend.

However, export volume has been relatively flat and weak in the last couple of months compared with earlier in the summer, despite a partial recovery last month from the sharp fall in July.

The announcement of the narrowing in the deficit had only a very short-lived effect on the foreign exchange market.

The pound immediately rose by about a quarter of a cent, only to fall back by a similar amount within 15 minutes to slightly under its closing level of $1.7400, down 85 points on the day.

BALANCE OF PAYMENTS
Seasonally adjusted £m.

		Visibles	Invisibles	Current account
1975	1st	− 852	+400	−452
	2nd	− 681	+315	−366
	3rd	− 989	+428	−561
	4th	− 682	+388	−294
1976	1st	− 473	+434	− 39
	2nd	−1,040	+487	−553
March		− 27	+145	+118
April		− 315	+162	−153
May		− 374	+163	−211
June		− 351	+162	−189
July		− 527	+160*	−367
August		− 291	+160*	−131

* projections

Concern

Dealers said the lack of positive reaction reflected greater concern over the seamen's negotiations and the possible size and impact of any settlement.

Conditions remain volatile in the absence of any signs of significant official intervention and a limited amount of selling in the morning was sufficient to push sterling down by nearly 1½ cents.

While the rise in Minimum Lending Rate last Friday was partly in response to last week's pressure on sterling, dealers also believe that the authorities are not displeased by a slight drop in the exchange rate from its level of the last three months.

There is some evidence in the latest figures of a slight decline in competitiveness after the recent improvement.

The terms of trade—the ratio of export prices to import prices—rose by 1½ per cent. last month after a 2 per cent. rise in export prices and are now back to the level before the beginning of the sharp fall in sterling in March.

After previous depreciations, the terms of trade have normally deteriorated and there may still be further increases in import prices to come through.

But this time exporters have been increasing their sterling prices more rapidly and holding their foreign currency prices much firmer, which immediately boosts profit margins.

Meanwhile, doubts have also been raised about the export volume trend by a drop of 2 per cent. in the last three months compared with the previous quarter (though the total is still 12 per cent. higher than a year ago).

The official hope remains that this is merely a temporary pause, reflecting a slowdown in the rate of growth of world trade, and that expansion will shortly be resumed.

An increase in export volume shortly is indicated by a number of recent surveys and is crucial to the Treasury forecast of a 4½ per cent. growth in the economy as a whole over the next year.

The main reason why many recent non-Whitehall forecasters, including the National Institute, have been projecting a lower rate of growth in 1977 has been their less bullish export assumptions.

Moreover, in contrast to the Institute estimate of a £1.9bn. current account deficit this year, the official view is that the latest figures are consistent with a deficit of around £1.6bn., slightly down on last year.

Projection

The projection of the deficit has benefited from a revision upwards from £130m. to about £160m. a month of the invisible surplus from services. This adjustment, which reflects both the fall in sterling and the tourist boom, covers the last five months.

On the import side, the £151m. fall last month was almost entirely explained by the absence both of North Sea installations and of abnormally large imports of ships and aircraft.

The seasonal adjustment process does not take account of these North Sea imports and without these factors, there are signs of a slowdown in the rate of growth of imports.

The volume of imports in August was the lowest since March, though purchases of food from abroad are still rising sharply, and motor vehicle imports are 18 per cent. up in value on a three-monthly basis.

Editorial comment, Page 20
Balance of trade figures, Page 12

How the Bank saved Slater Walker

BY MARGARET REID

THE Bank of England stepped in with major loan and guarantee assistance for the Slater Walker Securities financial group after Mr. Jim Slater's departure as chairman last October, it is disclosed for the first time to-day.

The action, taken to prevent the collapse of the group's bank and to ensure that Slater Walker Securities could continue, involved the provision of borrowing facilities up to £70m. and the offer of guarantees of £40m. of bad debts in Slater Walker's loan portfolio.

These support arrangements, kept secret until now, are revealed in the group's 1975 accounts and the summarised report of the City accountants who have scrutinised its assets. The accountants found £66m. loss provisions to be needed.

These developments mark the latest stage in the deflation of the legend which grew up around Mr. Slater as one of the leading young financiers of his day after he had formed Slater Walker Securities in 1964.

Shares

The accountants, Peat Marwick Mitchell and Price Waterhouse, called in when Sir James Goldsmith took over as chairman, criticised what they consider the "inherent weaknesses" of Slater Walker's lending policy—especially the concentration of loans to a few borrowers, often companies in which Slater Walker Securities had shareholdings.

There is also sharp criticism of the previous investment policy of the group's insurance company—a "crucially important area" in which Mr. Slater "exercised a dominating role," say the accountants.

It is also disclosed that a Department of Trade investigation has been carried out into the financing by the Slater Walker bank of dealings in Slater Walker Securities shares by companies related to the group over the six years up to May, 1975.

The accountants identified during their review the possibility that there could have been a breach of section 54 of the Companies Act, 1948, which covers prohibitions on companies providing financial assistance for the purchase of their own shares. The accountants' report says: "The opinion of leading counsel was also sought by Slater Walker Securities and he has stated that in his view there had been breaches of section 54."

Mr. Slater told the accountants in this connection that the purchase of Slater Walker Securities shares was "related to a number of business objectives including the listing of the shares on certain foreign stock exchanges and the development of associations with several other major commercial groups." The accountants added that they found "no evidence that either Mr. Slater or any other Slater Walker director derived any personal benefit from any of the transactions." Further inquiries were made by the Department of Trade under section 109 of the Companies Act 1967 and the official report on the subject with Mr. Edmund Dell, Trade Secretary.

The Bank of England moved in with backing for Slater Walker, the authorised banking division of the Slater Walker Securities group, at the moment when Mr. Slater retired, partly against a background of adverse publicity in Singapore over the group's former Far East dealings. Sir James Goldsmith—who yesterday said he would be staying on longer than he had at first planned as chairman to see his task through further to completion—then came in to head a revamped Board including such City notabilities as Lord Rothschild and Mr. Charles Hambro.

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Editorial comment, special article and Men and Matters, Page 20
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The Bank of England, which has acted energetically, mostly with the big banks through the "lifeboat," to control the secondary banking crisis, gave an immediate borrowing facility of £70m. to Slater Walker, £45m. of which has been used.

In a further, and unusual, move, the Bank also offered guarantees for up to £40m. of the bad debts in Slater Walker's books, on certain conditions. These included the group's injection of £10m. more of its total funds into the banking company and a ban on group dividend payments without the Bank of England's consent.

Sir James tells shareholders that, without the Bank's help, they could not, before examination of the company's assets, have been sure that it was solvent. The accountants say that in the absence of the Bank's guarantee "the bad debt losses which they considered Slater Walker—the banking company—had incurred would have made it insolvent at that time."

So far, Slater Walker has not taken up the Bank's guarantee to claim cash against its bad debts. But it is likely to do so later and now expects that it will draw the whole £40m., plus allowance for interest. When this happens, the £45m. drawn under the loan facility will be repaid to the Bank.

Conditions for the guarantee arrangement provided that Slater Walker will liable to repay, in due course, 1½ times the sum it draws under the arrangement. Sir James indicated that he expected the Bank of England in due course would get its money back.

Its policy will be to proceed

Continued on Back Page

What the report says

SLATER WALKER Limited, banking arm of Slater Walker Securities, would have been insolvent had the Bank of England not stepped in with its support.

This is one of the main conclusions of the condensed version of the report into SWS carried out by City accountants Price Waterhouse and Peat Marwick Mitchell. The report is believed to run to about 3,000 pages in its original form.

Other key points include:

SHARE DEALINGS

There may have been a breach of Section 54 of the Companies Act, 1948, in relation to the financing by SWL of certain purchases of SWS shares by a company related to the SWS group, and in respect of which SWL incurred a significant loss.

LOANS

Loans amounting to £1.2m. were made to two directors—Mr Jim Slater, former chairman, and Mr. Tony Buckley—who resigned during 1975. In addition, at October 31, 1975 loans to then directors amounted to £585,000.

INSURANCE

The problem areas associated with the investment managment of the insurance portfolios were (a) the long-term business fund was over-liquid, badly matched and vulnerable to a drop in interest rates; (b) the property content in the portfolio was too high at 18 per cent. and (c) there were too many holdings of questionable value.

In the past five years losses on Stock Exchange investments in the long-term business fund have aggregated £19m., compared with the total size of the fund of £57m.

The investment policy of SWI was dominated by Mr. Jim Slater.

BANKING

The lending policy of the banking subsidiary was "inherently weak." This was due to (a) a small number of large loans—four accounted for more than 51 per cent. of the portfolio; (b) the terms on £36m. of the loans granted the rolling up of interest and (c) the mismatching of maturity dates of assets and liabilities.

SWS regarded its banking subsidiary as an "in-house" bank. Some £69m. of total advances of £91m. at October 31, 1975 went to companies connected, or previously connected, with SWS or to individuals to buy shares in such companies.

PROVISIONS

Provisions were recommended totalling £66.1m. Of this £29.2m. was attributed to banking—excluding the loan to Haw Par—£14.8m. to property, £8.8m. to SWI, and £13.3m. to general investments and associates.

One situation resulted in the write-off of £15.5m.

INVESTMENTS

Investments at September 30, 1975, included interests in seven companies valued at more than £3m. each, which amounted to a total of £34m. A further eight investments accounted for £12m. The 15 investments accounted for 90 per cent. of the total

Provisions of £13.3m. were recommended, £10.8m. related to six investments, the largest single provision being £5.6m. for Equity Enterprises.

PROPERTY

The business of the property division was considered to have been run professionally.

INVESTMENT MANAGEMENT

The division, taking in private clients, unit trusts, and offshore funds, was considered to be well run and managed in an orthodox manner.

Mortgage rate increase nearer

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

AN INCREASE in the mortgage rate came a step nearer yesterday with the news that August was another bad month for building society net receipts.

The poor figures were released the day after the major clearing banks pushed up their base lending and deposit rates and threatened to undermine further the building societies' competitive position in the savings market.

Societies now have little doubt that a rise in their own interest rates is inevitable if they are to maintain a high lending programme next year. Thinking is that the 10.5 per cent. mortgage rate could rise to at least 11.5 per cent. and possibly 12 per cent.

A decision on a new rate structure will not be taken before the middle of next month and any new rates are not likely to become effective before November or December.

BUILDING SOCIETY FIGURES

1976	net receipts £m.	net advances £m.
January	312	425
February	354	400
March	376	497
April	331	527
May	225	520
June	131	553
July	124	597
August	183	555

Yesterday's figures from the Building Societies Association show that while the movement took in a healthy £833m. during August, £650m. was withdrawn. The net receipts total of £183m. was £1m. down on the previous month's figure.

Lending during August was maintained at a high level despite the disappointing trend in receipts. Societies advanced £555m. to home buyers, the second highest monthly total achieved. By the end of the month they were committed to lend a further £1.3bn.

Mr. Raymond Potter, chairman of the association, said that if the recent rise in minimum lending rate led to a sustained high level of competitive interest rates, then societies would have to consider their own position.

Even before the latest sharp increase in MLR, the societies were preparing to raise their own interest rates.

Their competitive position has been deteriorating since early this year and, while their high liquidity levels have enabled them to sustain a record lending programme of a projected £6bn. in 1976, next year's advances programme will be hit severely unless the inflow of funds is boosted by higher investors and hence mortgage rates.

Housing figures, Page 12

FEATURES

For latest Share Index 'phone 01-246 8026

LOMBARD

Playing fair on pensions

BY ERIC SHORT

THE General Secretary of the TGWU, Jack Jones, and Patrick Jenkin, the Conservative spokesman on pensions, make strange bedfellows. Yet at the recent Trade Union Congress, Jack Jones attacked the basis of the Government's calculation of the increase in pensions due in November with the same passion and for the same reasons as did Patrick Jenkin four months earlier. When two such opposite personalities make common cause, then it is worth examining their grievance.

First action

What upset them was the change in method of calculating the uprating, which resulted in a lower increase in pensions than expected. To understand what happened one needs to go back to the halcyon days of 1974. Mrs. Barbara Castle, then Secretary of State for Social Services, proudly announced that in future old-age pensioners would not only have their pensions fully protected against inflation, but would share in the prosperity of the country by linking them to earnings.

The Government's first action was to fulfil its election promise to introduce a pension of £10 for single persons and £16 for married couples. The increases that followed in April and November 1975 seemed generous at first sight. They were based on the historical movement in National Average Earnings over the period between the *announcement* of the increases. But these two rises occurred at a time of rapidly rising inflation so that by the time the increases were paid *six months* after being announced, much of the rise had been eaten away by further inflation.

Several commentators pointed this out to Mrs. Castle, and pressed her to make allowances for further inflation up to the payment date. This proposition was airily dismissed with the remark that no one could be expected to forecast inflation. So nothing was done and the impression conveyed, though never stated, was that pensions *would catch up when inflation* fell.

But this has not happened. This April when the latest increase was announced, the rate of inflation was falling—but the Government changed the method of calculation by forecasting an expected rate of inflation, a method which Mrs. Castle had rejected.

Admittedly the assumed rate of 15 per cent. now looks to be on the generous side. But under the old rules, the rise would have been 22 per cent. The difference meant an increase of £3.30 per week for a married couple instead of £4.60. The theme of Jack Jones and Patrick Jenkin was: give the pensioners back their 7 per cent.

The Government was able to change the rules because of the *wording of the Social Security* Act 1975. This set out that the Secretary of State should review pension levels each year to determine whether they have retained their value in relation to the general levels of earnings or prices and should estimate those *levels as he thinks* fit. *It also* states that he should have regard to earnings or prices according to which he considers more advantageous to the beneficiaries. The Government can therefore devise any measure of earnings or prices it chooses. Yet the implication is that its actions must be for the benefit of the pensioners.

Embarrassment

At her Press conference in April, Mrs. Castle said that the 22 per cent. would cost an extra £500m. in a full year and this could only be met by higher contributions. Thus it would appear that the Government has changed the rules to avoid having to put *up National Insurance contributions* so soon after the increase in April.

At that time it was negotiating the new pay code, and it wanted to avoid any such embarrassment. The Government has produced figures designed to show that pensions have maintained their real value. But it is hard to avoid the conclusion that pensioners are getting less so that the working population need not be obliged to pay more.

Jack Jones' demands would have sounded more convincing if he had pledged his members' willingness to meet the cost of higher pensions. If the Government laid down rules that could not be set aside when it was inconvenient to use them, employees, including Mr. Jones' members, would have no option. This issue must be faced in public by those who campaign for higher upratings.

But even now it should be possible, using the old method, to rerate pensions and contributions by November. It should be an urgent priority for Mr. Stanley Orme, the new Social Security Minister.

CRICKET REVIEW — BY TREVOR BAILEY

Some encouraging signs

NEVER IN the history of the game has the difference in the playing ability of the 17 cricketing counties been quite so small as this summer. This was best illustrated by the John Player League, which provided such a dramatic finish. The five leading teams ended with the same number of points and the eventual outcome depended upon that last ball at Cardiff, which prevented Somerset from gaining their first major honour.

As it was, Kent, rather fortuitously, took the title while Northants, the somewhat unexpected winners of the Gillette Cup, were equal 12th in the John Player but second in the county championship.

Of the four available targets, the county championship is clearly the most important and challenging. It is possible, given a little luck, to win the Gillette Cup or the Benson and Hedges Trophy with a limited and unexceptional side, while rain sometimes reduces a Sunday match to little more than a lottery. In contrast the county championship is a demanding campaign in which fast scoring and tight bowling do not guarantee victory because the opposition has to be dismissed twice.

The team winning the championship needs balance and the character to play well under pressure. These are the two main *reasons why* Middlesex succeeded and must be named side of the year. They possessed two dependable opening batsmen in Smith and Brearley, several positive stroke makers in the middle order, including the much-improved Barlow, and a resilient tail to provide the runs. They also had two effective opening bowlers, Selby and Jones, reasonable supporting seam and a contrasting spin section.

To these vital ingredients can be added good fielding, particularly close to the wicket where it counts, and the shrewd, friendly leadership of Mike Brearley. It was a well-deserved triumph for a balanced, pleasant side.

Although Kent finished with two titles, they were rather less impressive than they have been in the past, which is reflected by their performances in three-day matches.

The best all-round team was probably Leicester, who admittedly finished without any tangible reward, the most disappointing was Essex, who in their centenary year were at one period in serious contention for three titles. However, they fluffed it in the closing stages, mainly through a lack of runs when *really required and* insufficient belief in themselves. A warning of this brittleness in times of stress occurred when Hertfordshire, against all logic, bundled them out of the Gillette Cup.

Although the reduction in the differential between the counties has increased the excitement in domestic cricket, I rather suspect that it is more due to a levelling down than a levelling up. This view is certainly supported by a cursory glance at the averages *which* are *dominated*, apart from the imports, by senior—often very senior—players, many of whom have never been more than good county cricketers. In turn, the West Indies brutally and frequently exposed our many limitations.

On the credit side there have been several encouraging signs, including an usually large crop of talented teenage batsmen, some promising spinners in their twenties and financial returns which should keep most of the clubs off the bread line. There has not, alas, been even the hint of a Roberts, a Holding or a Daniel on the home horizon.

RACING — BY DOMINIC WIGAN

Looks [illegible]e Jam to-day at last

SWELL FE[illegible] B, *Dakota*, [illegible] *My Fair Niece* [illegible]rish-trained *Dalett*[illegible] clash in this aftern[illegible]nside Cup (2.30) at Ayr, [illegible] this historic event should provide another intriguing race.

My idea of the winner is that courageous four-year-old, *Patch*, who showed that he would not be long in returning to the winner's enclosure when chasing home Wollow and Crow in the Benson and Hedges Gold Cup at York a month ago.

Racing for the first time since the spring in that mile-and-a-quarter event *Patch* put up a particularly encouraging display over a distance short of his optimum, keeping on determinedly to the line despite being outpaced by the two English classic winners inside the final quarter mile.

This afternoon's additional furlong and a stiffer course will suit the Seven Barrows four-year-old ideally, and it is difficult to envisage him not being concerned in the finish. He is just preferred to another tough and resolute performer, *Swell Fellow*, who has already shown his liking for this course.

AYR

2.00 King Midas
2.30 Patch **
3.00 Gracious Melody
3.30 Showpiece
4.00 Messenger Boy
4.30 Jam ***
5.00 High Ball

YARMOUTH

2.15 Rial
3.45 Aytidefs
4.15 Elland Road
4.45 Bicoque *

Pat Eddery, who rides *Patch*, on whom he so nearly landed the French Derby four days after his Epsom triumph on Grundy, could also be on the mark half an hour after the Doonside Cup when partnering *Gracious Melody* in the Royal Caledonian Hunt Handicap (3.0).

This strong son of the surprise Gimcrack winner, Golden Horus, has found his best form since 1974 in recent weeks, and last time out he put up a particularly smart display when comfortably outpacing the year younger Bold Tack in the British Caledonian Airways Trophy at York.

Although his task here is probably stiffer *Gracious Melody* is in such fine form that he may again be able to show his younger rivals a clean pair of heels.

For the best bet of the day I believe it will pay backers to turn to *Jam*, a highly promising third behind Gairloch and Region in the Rubbing House Stakes over seven furlongs at Kempton recently. Bruce Hobb's juvenile is on the upgrade and he should be capable of opening his account in the first division of the Sandgate Stakes (4.30).

GARDENS TO-DAY

Making good use of a wilderness

BY ROBIN LANE FOX

RAIN HAS AT LAST softened the ground so that it is possible to plant a flower-bulb. Those *of you who have already tried* to buy a flower-bulb in order to plant it will know that the trade is in some difficulty. As the sun burnt us all summer, I thought vaguely that it would be ripening things which liked to be ripened, the soft growth on half-hardy climbers, the clumps of winter Iris, Guernsey Lilies and all sorts of flower bulbs.

But it had been dry at the worst time for daffodils and tulips. March to June was in many ways the most lethal *stretch of dry weather*, though most townsmen did not worry about it. When bulbs should have been building up strength for this new season, they had no water and thus lost weight. The wholesalers have mostly felt compelled to raise their prices even *after issuing their lists*: another 15 per cent. on tulips and daffodils is explained as due to the poor harvests here and in Holland. Quite how this relates to the customer I am not sure. No gardener objects to paying more for proper stock in a bad year. But either the stock is available, or it is not. Growers are talking of a disastrous crop and surcharging us highly for it. If the crop really is disastrous, then the price of a good daffodil should treble to shake off demand. One can always plead the falling pound to explain a mere 10 per cent. increase, but it has yet to fall far below the level at which these lists were printed.

Cheap bulbs

Be wary, anyway, of offers of cheap bulbs this year. Unless you can see them and feel them (daffodils may show a nice exterior, but be shrunk to half-size when you pinch them) only buy from a known source, to whom you can return any unwanted rubbish. But you would have to be a hard-hearted gardener not to buy any bulbs at all. They remain the most *immediate value for any garden* which is still in the making. Those of you who are finding that you have a bit more ground than you can now manage should first look to bulbs, rough grass and a few mown paths as your most respectable way of saving labour and pleasing the eye. I am beginning to think that such a semi-wilderness is almost more charming than yet another bed of Senecio and old-fashioned roses. If you plan the lines of the mown paths through the surrounding chaos you can *persuade the eye that the* surrounding long grass is incidental, serving a purpose which has been carefully contrived. An example may persuade you.

In the early eighteenth century, before the unemployed were hired to look picturesque in ha-has, there was a brief fashion for French formality in the English garden, which attracted, among others, one of my family, who joined in the planting of long formal avenues of beech-trees, fanning out into the distant untamed landscape. There were no flowers, and no flower bulbs, only a firm pattern of trees which combined profit and beauty. *One of the most* favoured patterns was the "goose-foot" or patte d'oie, by which five avenues fanned out *from one central meeting-point*, like fingers on a hand, or toes, I imagine, on a goose's webbed foot. You stood at their starting point and looked down the five angled avenues to a statue, an obelisk, some fine hunting country, or a pavilion in which you amused the young ladies.

Golden age

Now a good idea can alway be scaled down and because they knew where they were going, the patterns of this golden age of forestry can still be applied in an age in which gardens are coming closer again to the wilderness. Not long ago, I had occasion to advise a gardener *whose grounds of an acre proved* too much for him. There was an obvious division between a front garden bounded by a hedge and a second lawn which had always been kept up with beds of roses, irises and a border of Michaelmas daisies. We decided to go wild beyond the hedge line. All the beds were scrapped: the best of the Asters were moved nearer the house; the roses had to go, and the whole space became grassland. But by opening a gap in the boundary hedge, we pre*pared the way for a modern* "goose-foot". Leaving the small formal garden, you would then walk out into our grass wilderness, the foreground of which was mown as a viewing point. Off this flat square of rye-grass ran three avenues of fruit trees, between which the grass was mown as a path. The intervals and the surrounds remained as rough grass in which we agreed on bulbs. The ends of the avenue were marked, finally, by a large bush of the shrub rose Nevada whose white flowers showed up well twice a year.

Because this retreat from formality had a plan, it was not obvious to the eye that less trouble was being taken than before. The rough grass is cut three times a year, in late June, early August and finally in mid-September, if necessary. Whenever I mention this, you write and say that you have never found a mower which will cut tall grass and cost less than £400. Of course, a small tractor or a heavy Allen Scythe are the most effective rough mowers, but I have managed well with an ordinary rotary-action mower on four tough and adjustable wheels. If you tilt such a machine (mine is a Mountfield Major) and go through the grass with its nose up, pausing whenever it labours, you can cut down a meadow which is waist high. There may be easier methods, but I am content with that and the maligned scythe.

Tough and tall

What about the bulbs? Planted around the viewing-point and between the three avenues for the months before the trees were in leaf, they had to be tough, tall and able to ripen until the first mowing in late June. Among daffodils, the obvious choice for first place went to the white Mount Hood, so showy and reliable: Sempre Avanti and the true late Pheasant Eye (*Actaea Recurvus*) sufficed for Narcissi; the *May-flowering Camassis*, tall and milk-blue flowered, ran wild in the rather heavy soil which it prefers; there were no tulips, of course, but there was an edging band of Anemone Blanda, which would have been better in a light soil in the sun which opens the flowers widely. For crocus, there were only the closed wild varieties to Tomasinianus; autumn crocus would clash with the scheme of mowing. Each variety was grouped in clumps, 25 at a time. It is far more effective to choose a few varieties and repeat them.

The rain has made it possible to plant; there are still bulbs to be bought, at a price; no doubt your garden, like everybody's, feels a little too big at times. *Now is the month to go to* the root of it, impose your will on a part, and pass off the rest as the wilderness which sets it off to perfection.

TV/Radio

† Indicates [illegible] in black and white.

BBC 1

7.05-7.55 a.m. Open University (UHF only). [illegible] p.m. News. 1.00 Pebble Mill. 1.45 Bod. 3.53 Regional News (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Speed Buggy. 5.00 John Craven's Newsround. 5.10 Ask Aspel. 5.35 Noah and Nelly in SkylArk.
5.40 News.
5.55 Nationwide.
†6.45 "Carry On Nurse," starring The Carry On Team.
8.10 Softly, Softly: Task Force.
9.00 News.
9.25 The Fall and Rise of Reginald Perrin.
9.55 Sportsnight.
11.00 Tonight.
11.40 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—4.40 p.m. Crystal Tipps and Alistair. 4.45-5.10 Bie Ond . . ? 5.55 Wales Today. 6.45 Heddiw. 7.10 Fo A Fe. 7.40-8.10 Bellamy's Europe. 11.40 News and Weather for Wales.

Scotland—5.55-6.45 p.m. Reporting Scotland. 9.55-11.0 Sportscene. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.45 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
9.50 Nai Zindagi Naya Jeevan.
10.15 Liberal Party Assembly 1976.
11.00 Play School.
11.25 Liberal Party Assembly (further coverage) and 2.00 p.m. The afternoon's debates.
5.00 Open University.
7.05 Dressmaker.
7.29 Weather.
7.30 Newsday.
8.10 Sir Mortimer.
9.00 Arena: Theatre.
9.25 "Electra," tragedy by Sophocles.
11.00 Beethoven: The Late Quartets.
11.45 Newsnight.
12.00-12.05 a.m. Closedown: John Rye reads "Report on Drinking Habits," by Vernon Scannell.

LONDON

9.45 a.m. Sally and Jake. 10.00 Boney. 10.50 Cartoon Time. 11.00 Liberal Party Assembly. 12.00 The Adventures of Rupert Bear. 12.10 p.m. Mister Trimble. 12.30 Mr. and Mrs. 1.00 News, plus weather, FT index. 1.20 Lunchtime Today. 1.30 . . . And Mother Makes Five. 2.00 Good Afternoon. 2.25 Racing From Ayr. 3.50 Emmerdale Farm. 4.20 Runaround. 4.45 Rogues Rock. 5.15 Cartoon Time. 5.30 Sportscene.
5.45 News.
6.00 Today.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 Wednesday Star Movies: "Guns For San Sebastian," starring Anthony Quinn.
10.00 News.
10.30 The Wednesday Special.
11.20 World Snooker.
11.50 Police Story.
12.45 Fuzz.
12.50 a.m. Close: Roger Snowden reads extracts from the Bible about the life of Jesus.

ANGLIA

10.10 a.m. Phoenix 5. 10.35 Keep Britain Slim. 1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 The Beachcombers. 6.00 About Anglia. 8.00 Wednesday Film: "Murderers' Row," starring Dean Martin and Ann-Margret. 11.50 Police Surgeon. 12.20 a.m. The Big Question.

ATV MIDLANDS

10.35 a.m. Untamed World. 1.20 p.m. ATV Newsdesk. 5.15 Ghost Busters. 6.00 ATV Today. 8.00 The Super Spies: "Istanbul Express," starring Gene Barry and John Saxon. 11.20 Angling Today.

BORDER

10.35 a.m. Keep Britain Slim. †1.20 p.m. Border News. 2.00 Houseparty. 5.15 The Count of Monte Cristo. 6.00 Border News and Lookaround. 8.00 Wednesday Film "Hombre" starring Paul Newman. 11.30 The Playwright: Trevor Griffiths. †12.00 Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. 5.15 The Spare Tyres. †6.00 Report at Six. 8.00 Wednesday Star Movie: "This Property is Condemned." 11.20 The Protectors. 11.50 News and Weather in French (M) followed by Epilogue.

GRAMPIAN

10.35 a.m. Keep Britain Slim. 1.20 p.m. Grampian News Headlines. 5.15 Wait Till Your Father Gets Home. 5.40 Police Newsroom. 6.00 Grampian Today. 8.00 Film: "Midas Run" starring Richard Crenna, Anne Heywood and Fred Astaire. 10.30 The Protectors. 11.00 Scotsport European Special. 11.30 Angling Today. 12.00 Evening Prayers.

GRANADA

9.30 a.m. There Are Ghosts Everywhere. 9.55 Animated Classics. 10.40 The Beatles. 1.20 p.m. Nature's Window. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 The Adventurer. 8.00 High Adventure: Gregory Peck in "The Stalking Moon." 11.20 What The Papers Say. 11.40 Oscar Peterson Presents . . . Cleo Laine and John Dankworth.

HTV

10.35 a.m. Keep Britain Slim. 12.00 Flower Stories. 12.30 p.m. Face The Press. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. †5.15 Checkeboards. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Cilla's World of Comedy. 8.00 The Big Western: "Hombre"

HTV Cymru/Wales—As HTV General Service except: [illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 — 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. [illegible]

RADIO 2 — 1,500m and VHF

[illegible]

RADIO 3 — 464m, Stereo & VHF

[illegible]

RADIO 4 — 434m, 330m, 285m and VHF

[illegible]

BBC Radio London — 206m and 94.9 VHF

[illegible]

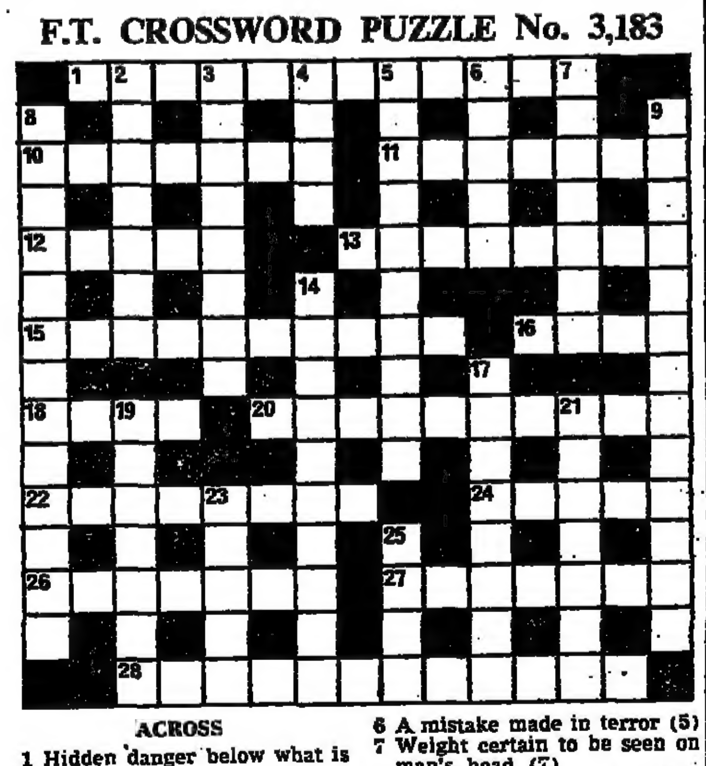
London Broadcasting — 261m and 97.3 VHF

[illegible]

Capital Radio — 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,183



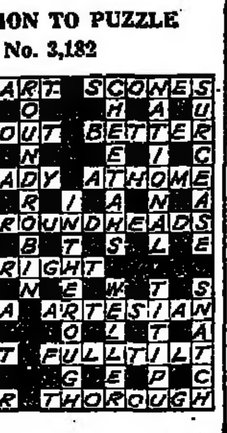
ACROSS

1 Hidden danger below what is happening (12)
10 Promised green fruit in the end (7)
11 Roofed terrace partly over and above (7)
12 Gold left on synthetic textile fibre (5)
13 Versatile as circles are (3-5)
15 Insure and produce less than one's best literally (10)
16 Charge left to touch (4)
18 I love to get thanks in a letter from abroad (4)
20 Do croon the medley for this figure (10)
22 Descriptive of Scapa Flow and not the navy (8)
24 What oarsmen do is audibly empty-headed (5)
26 Accidentally meet and collide (3, 4)
27 Hush! A monarch is trembling (7)
28 Old ladies gossiping we hear but really game-hunting (12)

DOWN

2 Went on about bad ledging (7)
3 Machinery, or locomotive on railway (8)
4 Signal there's a fish on end of line (4)
5 The disclosure of a divine communication (10)
6 A mistake made in terror (5)
7 Weight certain to be seen on man's head (7)
8 Turn Ray about for a radical (13)
9 Tall father could be fly (5-4-4)
14 Precious article right inside is dangerous (10)
17 8's coil for a sand-piper (3-5)
19 Herd not assembled but exalted (7)
21 Social gathering—about wedlock? (7)
23 A supporter—just part of the gate (5)
25 First-class South African brought up in continent (4)

SOLUTION TO PUZZLE No. 3,182



ılraz Festival—1

The contrasted hemispheres

by WILLIAM WEAVER

· Festival of Arts Shiraz-sepolis has just ended for the ·h time. To celebrate its first ade of existence, this year's ival was a bit longer and a richer in events than its ;essful predecessors. Once in troupes and individuals ıe from all corners of the ld, and the Iranian audience ith some foreign visitors—ked to every event. A festi-official estimated this year's ·ndance at close to 150.000 e years ago the figure was 00).

he central feature of this r's festival was a series of formances of ta'zieh dramas. se religious plays drew huge ·ds, fascinated the visiting ·ies, and sparked much discus-, even controversy. Perhaps closest Western equivalent the ta'zieh are the miracle ·s of the Middle Ages. The ·eh probably originated later ·re is controversy also about r history), deriving from re-·ous processions. In any case, ·e are hundreds of ta'zieh, ·tly handed down orally, and dealing directly or indirectly ı the slaughter of the holy sein and his children at bala in the year 680 AD.

hree ta'zieh were presented year, and I was fortunate to two of them. One of the ·y laudable features of the ·az Festival is its thoughtful ·ce of appropriate sites for ·ormances. The ta'zieh I were given in the little vil-of Kaftarak, a cluster of mud ·ses with a central enclosed ·e, a kind of corral, which ·ame the playing area. Spec-·rs sat on the ground or—if · could grab one—on folding ·rs. Others stood under the ·y trees or on the rooftops.

would be impertinent to view" a ta'zieh, as it would to write a criticism of a ·mn High Mass or a celebra-of the Via Crucis. The ·s were meant to edify, and players are not professional ·rs in the usual sense. The ·pany in Kaftarak, however, magnificent; and like other -Moslem and non-Persian-·king visitors, I was pro-·dly moved by the ta'zieh I . In fact, seeing them was in ·y way an unforgettable ex-ence.

'hy? It is difficult to convey quality of that experience, ·ited not just by the playing also by the village audience, ·ch followed the events with l participation, gasping in ·or, chanting responses, and ·ten—sobbing desperately at most lyrical scenes, such as sein's burial of his slain *infant or his farewell to his faithful white horse.*

Music plays an important part, too, in the experience. The audience is summoned by the sounds of the *karena*, long trumpet-like instruments. Then huge bass drums are beaten. Scenes are separated also by bits of music, played by a modern trumpet and drums (the music, too, is modern and serves merely as punctuation, never as comment or "mood" music). The good characters in the play chant, while the villains speak. Their speech, however, is cadenced and unnatural, even unnerving at times.

I was lucky in seeing *The Martyrdom of Imam* first, since it is the most explicit dramatisation of the Kerbala massacre. The players were deeply human and yet, at the same time, larger than life, ritualised. This is a ta'zieh full of action: horses *racing about the circular area*, murders, visions, even a touch of humour (when a foreign ambassador arrives, dressed like a member of the Académie française).

My second ta'zieh was a quite different, but equally impressive drama. *The Desert Dervish and Moses* is speculative; the conflict is one of belief. A dervish dreams of heaven and hell (both graphically represented) and questions God's wisdom in inventing the latter. God sends Moses to convince the dervish, who persists in his rejection of God until Moses finally tells him of the Kerbala massacre—as the victims march silently into the arena—and the doubter, in his outrage, says that one hell is insufficient to punish the wickedness of the murderers.

Since neither of these two characters is a villian, both parts are chanted, and the sheer *stamina of the interpreters* (particularly Sahar-Khiz, who played the dervish) was impressive, as the plays last over two hours, without interval. But beyond this physical endurance, the artists' bravura held the audience rapt. Sahar-Khiz's chanting was the more impassioned, while Razm-Ara (the Moses) decorated his chant in something suggesting bel canto style.

The Shiraz festival is meant as a series of encounters: between East and West, old and new, traditional and sophisticated. The ta'zieh experience, as I have said, aroused much debate, centring on the question of how to preserve—without falsifying or diluting—popular, folk art. The problem is complex. It would be easy enough to tart up some ta'zieh and take them to Edinburgh or Spoleto. But you cannot transport the audience, the village, the collective emotion of the real thing. Reverse proof of this fact was offered by the Ensemble Lyrique du Senegal, which was also seen in Shiraz. Here is an unquestionably skilled *company, using traditional instruments* and singing traditional songs (some modern ones, too). But, for me at least, their professional patina robs them of any glow. The singers actually use hand-mikes as deftly as any pop star.

Other, smaller-scaled presentations of traditional music were more successful. Pusa Bhopa, for example, is a singer-storyteller from northern India, who practices the art of Pabhuji ka Pardh. The pardh is a kind of painted curtain, depicting heroic scenes, which the narrator's assistant (in this case Mrs. Pusa Bhopa) lights, one after another, with a lamp, as the chanted tale progresses. The form is reminiscent of the southern Italian *cantastorie*, who sing tales of Crusader *heroes, while pointing to the* painted events on a hanging or board.

Pabhuji ka Pardh is, I would guess, an intimate form: to be watched up close, at a fair or a street corner. In the aseptic atmosphere of Shiraz's University Hall, the effect was chilled. Nevertheless, the presentation was informative, illustrating a little-known aspect of Indian culture (an Indian diplomat, seated next to me, confessed that he had never seen anything like this before).

In the more inspiring setting of the Saraye Moshir, a caravanserai courtyard in the heart of Shiraz's bazaar, there was a programme of *guati* music of Baluchistan, a relatively unexplored (culturally) region of Iran. The musicians are actually exorcists, and the programme, again, was meant as an illustration. At the start, while the musicians played and chanted, one member of the group would fall to the ground, simulating illness or demonic possession. Another artist would kneel over him and restore him to health.

But as the evening progressed, the musicians gradually seemed to forget there was an audience. They stopped "performing," and were concerned only with their music. They were spell-bound, and the spell was contagious. At the end, applause broke it: but the musicians themselves were oblivious of us and our clapping.

Afterwards, we walked off, through the covered streets of the bazaar, still redolent of the spices that are sold there during the day. Like the music, even the aromas seemed timeless.

But the Shiraz Festival of Arts is not all traditional. It embraces —generously—also the new, the experimental, and with equal success. I will report on some other discoveries in another article.

The Martyrdom of Imam: Hoseim and his children

Television

Roots

by J. V. STEVENSON

On Sunday night Chairman Mao proved his influence reached beyond the grave. His death deprived us of some perfect capitalist hyena entertainment: a "profile" of Perry Como: M*A*S*H: and a Sophia Loren movie. Instead we were given a three-hour film history of China that spanned Mao's lifetime.

The complexities of the story were such that a minute away to make coffee could leave you completely confused.

Throughout, the film was fascinating, but at the end of it I still had little idea what ordinary Chinese life was like now. I was most struck by how closely the patriotic operas and ballets of the cultural revolution resembled Hollywood in its heyday. Some of the dance routines could have been by Busby Berkeley himself!

The similarity is not really surprising. Blind faith in any political ideal must produce sterile art, because the two main purposes of art are truth and *criticism of life*, and neither of these can make much headway if everyone is going around all the time singing the praises of their society.

I mention all this because, according to Mr. Humphrey Burton, BBC TV's head of music and arts programmes, the whole British way of life is going to be changed these autumn week-ends.

This social upheaval is to be achieved by a cultural *ricwing* revolution. In the words of Mr. Burton: "Instead of hearing people say on Saturday, 'There's nothing to watch on telly, let's go to the pub,' I want them to be saying on Monday in the office or the factory, 'Did you see that opera at the week-end?', and kicking themselves if they missed it."

Now substituting People's Theatre for "telly," paddyfield for "office or factory," and some more oriental form of self-chastisement for "kicking themselves," you will see that events in China have not gone unnoticed by Mr. Burton. As from next week-end, he will give us an opera, ballet or concert every Saturday evening in peak time *(The Lively Arts in Performance)*, and documentaries and similar programmes on the arts on Sunday.

But for all his desire to keep people out of the pubs and have them talk Chopin, not shop, with one another, he assures us there is no question of "popularising" the arts to draw an audience. The programmes will commend themselves, he says, once viewers have been persuaded (brainwashed even) into watching them.

I do not wish to sound pessimistic, but the thought occurs to me that when Mr. Burton's arts programmes have got going, there could well be an even larger number of people complaining of a Saturday night, "There's nothing to watch on telly, let's go to the pub." I suspect too that they may spend their Monday mornings saying "Did you see that—opera at the week-end?" and feeling more inclined to kick Mr. Burton than themselves.

Unhappily for him, the British, unlike the Chinese, have never been great ones for political ideals, so the prospect of passing their week-ends lapping up art to celebrate the achievements of the working week is unlikely to have much appeal.

These doubts about popularity are clearly not worrying Mr. Burton, though: for if they were, why would he be engaging such unknown individuals as Robin Ray and Melvyn Bragg to present his programmes?

Certainly, however, he is aware that the great mass of people need an incentive to watch, other than their natural artistic longing. That presumably is why he is urging them that, when they are paying £12 for a seat at Glyndebourne and £15 for one at Covent Garden, they have only to stay at home one Saturday evening to pay a year's TV licence.

Alas for the Royal Opera! The stalls are going to be empty this winter! And I can just hear working people everywhere, in office and factory, saying they'll be cancelling their subscriptions to Glyndebourne next season!

From all this, it seems to me that Mr. Burton wants to have his rice and eat it. He is anxious that no one should think he is catering just for the traditional, minority audience of arts programmes, Glyndebourne/Covent Garden devotees, *et al*. Yet he wants equally to reassure that minority that arts programmes will not be "popularised" simply to swell its numbers.

But his disclaimer of the "popularising" suggestion shows he has a secret fear of the vulgarity that his purpose could involve. He wants to appeal to the *populus*, but he has a horror of the *vulgus*.

Also, beneath the desire for cultural revolution, there lurks a Victorian moral intention to keep people out of the pubs and in their homes watching whole some entertainment. Mr. Burton's old-fashioned missionary zeal appears when he talks of the *Omnibus* series (from October 21) as "the flagship of the department" and says he's "looking for new territory to colonise."

Where does this seemingly opposite attitude come from? Well, not from Mr. Burton alone, as I shall how in a moment. I don't in an ycase want it to be thought that he is alone in adopting it. If he were, there would be much less cause for concern.

But the fact is that at present the arts in this country are becoming not a new kind of religion but, much worse, a new established church. The middle classes are being asked to take a respectable interest in them, much as 100 years ago they did in the Church of England, by regular attendance and contribution (through taxes) to subsidising funds. And the old working classes are supposed to give up their evenings in the pub and sit solemnly watching them on television (a medium to which they are largely unsuited) or, worse still, listening to their high priests sermonising about them.

The cause of this situation is partly the belief that *everyone* should take an interest in the arts, because not to do so is philistine. Plainly this is absurd, since plenty of people who do take an interest in them are still hopeless philistine. Besides, nobody says it's philistine not to be interested in dogs, cars or flying saucers, though no doubt those things have as many adherents as the arts.

Much more responsible, however, has been the idea that through mass appreciation of the arts, some kind of social revolution can be achieved. This appeals particularly to people working in television which, as a mass medium, is obviously capable of widespread influence.

But those who feel like this have had to square their altruistic aims with the pragmatic demands of competitive viewing statistics, which are so precious to television supremos (the altruists' bosses).

Compromise of this kind may be all very well in politics, but it is fatal to the arts, which require the highly personal points of view of individual men and women. Ironically, such compromise leads exactly to the philistinism that is meant to be avoided. It produces a cosy, "These You Have Loved" approach to the arts and relegates them to just another consumer product. That was precisely the position of the established church in the last century.

Chris Dunkley is on holiday.

The Entertainment Guide is on Page 30

New Gallery concerts postponed

Ibbs and Tillett announce that their series of celebrity concerts to be given in the New Gallery, Regent Street, has had to be postponed. This has been caused by the immediate need for structural repairs arising from a routine inspection. A further announcement will be made as soon as a re-opening date can be established.

ıcerne Festival

Atlántida

by RONALD CRICHTON

·he origins of Manuel de ·a's last, largest and un-·hed work, the "scenic can-" *Atlántida*, go back to 1926, ·he 50th anniversary of the poem by the Catalan writer ·nto Verdaguer. The subject ·he poem, the association of pre-Christian myths of the ·urs of Hercules and the ·ning of the continent of ·ntis with the historical jour-· of Columbus westwards ·ss the submerged continent ·iscover new worlds, made an ·ant appeal to Falla's roman-·patriotism, to his attachment ·ncient regions of his native ·try, to his interest in the ·ic of Spain's golden age.

ı a year or so he was at work. *Atlántida* was incessantly ·rrupted: by ill-health, by ·neys in and outside Spain perform his works, by the ·ing of smaller pieces (the *·eto a Córdoba*, the piano ·e for the Dukas *Tombeau*, ·choral *Balada de Mallorca*, ·orchestral suite *Homenajes*) ·ch can now, with hindsight, ·een to stem wholly or in part ·a the tree of *Atlántida*. ·ing the Civil War Falla was ·ured at Granada, addition-· stricken by the shooting of of his close friends, the poet ·a. After the war, an invita-to conduct in Buenos Aires ·led him to leave Spain. With across the Atlantic he took unfinished *Atlántida*. His ·aining years (he died in ·) were spent in Argentina, ·king when he could, with his ·stomed care on the ever-·ng project.

·ne suspects that *Atlántida* ·y into a way of life as much ı job to be finished. With ·n in ruins and Europe ·ged by war, chances of per-·nance outside Latin America ·t have seemed remote. In ·early stages *Falla envisaged* ·mple, pageant-like theatrical ·entation for his "scenic ·ata." Later, increasing piety him further and further ·y from the theatre. While ·laguer's poem is concerned ·intensely dramatic events, ·not remotely theatrical. In sections set by Falla there ·hardly any individual charac-·— the Queens Pyrene ·thical) and Isabella (histor-·have one monologue each. Narrator is just that, the boy ·mbus has a single phrase to ·Hercules and the mature ·mbus are silent roles. The ·us has plenty to do, but their ·tion is as much narrative as ·ve.

·lla worked piecemeal. ·ne's scene in part one ·ars to be the last music he ·e. So evidently the trouble ·not failing inspiration. More ·y, he lacked the strength to the work as a whole into ·lear focus habitual to a com-·r unremittingly fastidious ·economical. After he died ·anspired that he had finished ·orchestrated the Prologue, ·pt for a few bars, and com-·d but for the most part, not ·estrated part one. Part three reached a fairly advanced ·e of completion. Part two, ·ever, was in fair confusion, with many alternative sketches to be sorted and pieced together.

The task of completion fell to the composer Ernesto Halffter, disciple and friend of Falla. After a considerable period of intensive work, parts of *Atlántida* were heard in concert form in Barcelona in 1961. The complete work was staged at La Scala, Milan, in the following year. Other performances or productions were given, for example in Edinburg (under Markevitch), Buenos Aires, Berlin, Switzerland (under Ansermet). Much of the score showed even those temperamentally hostile to his earlier music that Falla was not a spent force after the Harpsichord Concerto, but the impression that the total effect was unsatisfactory was evidently shared by Halffter, who nobly undertook to revise and re-think his first version.

Last week, as the final concert of the 1976 Festival, the "new" and definitive *Atlántida* was performed in the Lucerne Kunsthaus by Cologne Radio, to which the initiative was due, under the conductor Jesús López-Cobos, to whose encouragement and support the completion of Halffter's Herculean labours is said to owe a debt. What was heard differs in some important respects from the Ricordi vocal score of the first version—which will now presumably become a collector's piece. Briefly, with some 25 minutes of music cut and the large orchestra reduced (the work now lasts without interval for about 1½ hours), *Atlántida* becomes a much more viable proposition for the concert hall. It might conceivably be given in some kind of symbolic staging, but it is as a major gain to the choral repertory that the future of the score most surely lies.

The Prologue is unaltered. There are minor revisions to part one, which now ends, as Falla had intended, after the Hymn to Barcelona. The biggest changes occur in part two, reduced essentially to the comic encounter of Hercules with the three-headed monster, to the extended choral Hymn to Atlantis, the ensemble of the Pleiades and the Voice of God prophesying (chorally, with some not very effective *parlando*) the destruction of Atlantis. The music for the catastrophe, for the erection of the Pillars of Hercules, and much else, has gone. The most surprising decision, however, has been the excision of the original ending of the work—the landing of *Columbus in the New World and* the final choruses of Christian jubilation.

So *Atlántida* now finishes with Columbus at the prow on the last night of his voyage, scanning the horizon, the appearance of seagulls announcing landfall, while the chorus softly sing the words "Dies sanctificatus illuxit super terra." The new ending, together with the disappearance of much picturesque, illustrative music, strengthens the inward, spiritual side of the work. One can see that the rosy view of Spain's proselytizing Christian mission in the New World may have turned rusty, but possibly something of Don Manuel's dream has gone with it. All the same, whether or not one agrees with every detail, or finds the tone of every passage right, the question of who wrote exactly what can now be left until sketches, notes and relevant letters are available for scrutiny. The important thing is that Falla-Halffter's *Atlántida*, which contains music of extremely high quality, may at last be generally enjoyed.

The role of the chorus ranges from vigorous, muscly counterpoint to chordal passages of extreme simplicity—Falla took a wary interest in serial music, but his own idiom remained tonal, frequently modal. There are Stravinskyisms, in the *Hymn* to Barcelona for example, and in a haunting bell-cadence in part two. This section, with the juicy modulations of the Hymn to Atlantis, and the Pleiades disporting themselves like Wagner's Flower Maidens bathing in Debussy's sea, still forms a mainly luxurious interlude between the more severe outer panels. The vocal writing for solo or chorus, has Falla's usual effortless rightness. The opening of the third part of *Atlántida* nagged at me until the penny dropped — *Job*. Other pages as well may remind British listeners of Vaughan Williams, a contemporary in whom Falla took a brotherly interest, though his direct experience of his music may have been slight, and their sound-worlds were not alike.

López-Cobos had prepared the premiere thoroughly. The original Catalan text was used. The Cologne chorus (with a contingent from North German Radio) remained buoyant through long stretches of singing. Even if the tone lacked brilliance, intonation (a brief lapse by the boys excepted) was sure. The Narrator was Roland Hermann, a baritone remembered for his promising London recital debut, who has developed into a strong singer with a firm top, rich as Burgundy. The Negro mezzo Gwendolyn Killegrew, a Juilliard product now at the Deutsche Oper am Rhein, is a find—another rich voice, highly musical, going instinctively to the heart of the lovely scenes for Pyrene and Isabella—the one a mournful, Monteverdian lament, the other a radiant fantasy on fragments of two folksongs. The monster Geryon, three-headed and three-voiced, was incorporated by Erik Geisen, Waldemar Kmentt and Barry McDaniel. And so *Atlántida*, 100 years after Falla's birth, 50 years after the work's inception, has found a final form. It was an occasion.

Purcell Room

Tenor and trebles

The tenor David Johnston was a lay clerk at Salisbury Cathedral, where his two sons, Nicolas and Robert, are now choristers. On Monday the three of them, with Daphne Ibbott at the piano, gave a recital of mostly English songs. This was a family occasion in both senses of the words. Though much of the music was serious and most of it (light and serious) very good, the approach, with Mr. Johnston exerting his charm as commentator to put the shyest, most unseasoned recital-goers at their ease, was disarmingly companionable.

More important, the evening was evidence of unusual and welcome character of the lively state of cathedral music. That tradition, after all, was the cradle of numerous English composers and performers. Somehow it manages to survive crisis after financial crisis: there appears to be enough talent and a sufficient core of public support at least to confront if not to vanquish outright the lack of money and a general indifference which always seems more sinister when times are bad.

Mr. Johnston has many of the best qualities of the musically well-bred English tenor. The style is not unlike Pears, with floating, slightly cupped tone, words intelligibly projected with soft consonants (easier in English than in the other main languages singers need). Both the sons have the natural musical feeling of the good English treble. Nicolas especially (he is 12: two years older than his brother Robert and that much stronger and more experienced) has the instinctive way with a phrase which must be the envy of many grown-up singers, but isn't often found outside properly trained choirs.

They started with a sequence of solos, trios and duets by Purcell, some familiar, some not (the latter including the outstanding duet "Lost is my quiet"), and followed this with Maurice Greene, Bach, Haydn (three of the English canzonets written in London), Warlock, Oldham, Liza Lehmann (two of Belloc's "Cautionary Tales"), and Britten—two folksong arrangements and the Second Canticle, *Abraham and Isaac*.

Warlock's nursery cycle "Candlelight" is interesting for the light it throws on him both as a craftsman of almost Ravelian finesse and as a man to whom, hard as he may have tried to conceal the fact, childhood bogies remained real (that was true of Ravel, also). The Britten Canticle was sensitively sung with Nicolas as Isaac, but though he did not sound tired both tenor and pianist (Miss Ibbott was a paragon of discretion throughout the programme) had to take into account the small volume and lower tension as well as dynamics.

RONALD CRICHTON

WORLD TRADE NEWS

Japan shows $63m. trade deficit for August

TOKYO, Sept. 14.

JAPAN HAD A visible trade deficit in August of $63m. against a downward revised *July surplus* of $290m. and a deficit of $112m. in August, 1975, according to preliminary Customs clearance figures released by the Japanese Finance Ministry.

The August deficit is the first for seven months.

The Ministry said exports were up 23 per cent. from a year before at $5.4bn., while imports rose 21 per cent. to $5.5bn.

Finance Ministry sources said Japan is expected to show a trade surplus for August measured on an fob basis, but the August deficit shown by the cif-based Customs clearance figures appears to indicate a gradual turnround in Japan's trade.

Seasonally adjusted, August exports were down 1.4 per cent. from July for the second consecutive monthly decline while imports were 3.6 per cent. higher for the third consecutive rise.

Sales to the U.S. rose 52 per per cent. from a year ago to $1.26bn. while Japanese imports from that country rose 18 per cent. to $988m. after showing a three per cent. fall in July. Exports to the EEC rose 39 per cent. to $596m. while EEC imports were 17 per cent. higher at $326m.

Meanwhile the Economic Planning Agency said the economic recovery in Japan is showing signs of a temporary slowdown in reaction to the previous fast expansion. However, on a long term basis the recovery is expected to be resumed and sustained, it said in its monthly report.

Geisel starts Tokyo visit

BY DAVID WHITE

BRASILIA, Sept. 14.

JAPANESE commitment to several development projects in Brazil is expected to be secured during President Ernesto Geisel's five-day visit to Japan which starts to-morrow.

Most important among these is a $3.2bn. aluminium plant to be built at Vila do Conde, near the Eastern Amazonian port of Belem. The proposed 49 per cent. Japanese stake has recently been in some doubt.

But if, as seems likely, the *visit follows the pattern* of General Geisel's trips earlier this year to Britain and France, no major contracts are likely to be signed during this week's *talks. The Brazilians are rather* seeking a "definition" of the ventures under discussion. These include steel, mining and agricultural projects, according to *government officials here.*

Despite the current political and climatic disturbances in Japan—the Lockheed payments saga and Typhoon Fran—which inevitably overshadow the talks, the promise of Japanese finance for these projects is of primary importance to the Brazilians.

Japan has emerged in recent years as the most important partner with Brazilian State-controlled companies in basic projects, which include important infrastructure development. In a number of cases these have fallen seriously behind schedule.

The Albras aluminium project is linked to a bauxite mining venture beng started in co-operation with Alcan of Canada on the Trombetas river, a northern tributary of the Amazon. This is due to produce in the early 1980s.

The Japanese Light Metal *Smelters Association was originally* due to share the project with Brazil's Companbia Vale do Rio Coce. It is now thought that other Japanese companies, including aluminium consumers, may take part.

A Japanese consortium is expected to take a 10 per cent. stake in exploitation of the estimated 17.8bn. metric tons of iron ore in the Amazonian mountain range of Serra dos Carajas. Another $3bn. investment, although this still depends on long-drawn-out negotiations with U.S. steel. A steelmill near the projected ore terminal at Sao Luiz, in which Nippon Steel was to have participated, has been *indefinitely postponed because of* market uncertainties.

According to Tokyo Press reports Japanese credits to Brazil may amount to as much as $1.5bn.

S. Korean joint venture

TOKYO, Sept. 14.

ISHIKAWAJIMA-Harima Heavy Industries (IHI) said a South Korea-Japan joint venture, Sum Sung Heavy Industries, will shortly start building a $34m. machinery making factory in the Changwon industrial complex of Masan, following Korean Government approval.

Sum Sung Heavy Industries was jointly established in South Korea in 1973 by IHI and Sun Sung Trading of South Korea with a capital of Wong 2bn. of which three quarters was put up by the Korean company with a quarter by IHI.

The projected factory, to be completed by June 1973, will produce energy plants, iron and steel making machines, civil engineering machines and hoilers, it said.

Reuter

Bridon wins £13m. Korean contract

BRIDON'S SUBSIDIARY, Ashlow Steel and Engineering of Sheffield, has won a £13m. contract to supply a complete wire rod mill to Pohang Iron and Steel Co. (POSCO), a major steel producer at Pohang, in the Republic of Korea.

Finance has been arranged by Lazard Brothers and Co. with the support of The Exports Credits Guarantee Department and the principal sub-contractors are British Brown-Boveri and Heurtey Furnace, London.

The mill is due to come into operation in 1979. The manufacture of all the equipment to be *supplied from the U.K. will be* completed by the first quarter of 1978.

● Korea Merchant Banking Corporation was launched as the *first merchant bank in Korea following* an opening ceremony to-day. Lazard Brothers is a 50 per cent. participant in the venture.

French visit

By Robert Mauthner

PARIS, Sept. 14.

A large French industrial and trade delegation left here to-day for a one-week visit to South Korea to boost trade between the two countries and, if possible, put the finishing touches to a nuclear power station contract.

The French companies represented in the 33-member delegation include Framatome, the nuclear subsidiary of Creusot-Loire, which is bidding for a contract to build two nuclear power stations in South Korea at an estimated cost of Frs.5bn.

Alsthom, the heavy electrical engineering arm of CGE (Compagnie Generale d'Electricitie), which is hoping to win a Frs.594m. order for the construction of two conventional power stations, is also represented in the delegation, as is Rhone Poulenc, Pechinev-Ugine-Kuhlmann, Empain-Schneider and Thomson-CSF.

U.K. groups take major stake in Egyptian oil development

BY RAY DAFTER, ENERGY CORRESPONDENT

THE BRITISH oil industry is to take an important stake in the exploration and development of Egyptian crude.

British Petroleum has acquired from Petroswede a 50 per cent. interest in an offshore concession in the Natrun area, midway between Cairo and Alexandria.

At the same time *Gannet Off*shore Production Services (International) has been awarded an important contract to stimulate production from the Belayim *offshore oilfield*, five miles off the Sinai coast.

Egypt is one of the few Arab countries short of its own oil and is currently undertaking an ambitious exploration and development programme.

Under the terms of the Petroswede agreement BP is to take over as operator of the Natrun concession on October 1. The first well in the area was drilled between June and August; this proved to be dry.

Further drilling is expected to take place next year. The partners are committed to spending more than £2m. in the next three years, of which BP will provide about half.

The Gannet contract is significant not only for Egypt but also the company and the U.K. offshore industry at large. For it is a clear indication of how companies can use North Sea oil experience as a stepping stone to *offshore* work in other areas of the world, a point being stressed by the Government's Offshore Supplies Office and reinforced by the current visit to South America by Dr. Dickson Mabon, Minister of State for Energy.

Gannet has been awarded a contract worth about $10m. (£5.5m.) to rehabilitate the Belayim Field, a find some 90 miles south of Suez recovered from Israel at the end of last year.

It is believed that the contract was won against competition from U.S., French, Italian and Egyptian companies. The project is expected to last about two years.

In order to undertake the work Gannet has arranged to buy, for $6m., a jack-up platform from French contractors Hersent. The *platform is currently being modi*fied in Malta Dry Dock. Mr. Richard Barry, managing direc*tor of Gannet, said that the com*pany was currently negotiating long-term financing arrangements for the purchase of the platform.

This is by far the biggest contract won by Gannet formed in 1974 with £2.8m. of capital. The company is owned by a number of financial institutions including Charterhouse Japhet, General Accident, Silvermines, the Prudential, Scottish United, and Standard Life.

Mr. Barry admitted that the Egyptian project would mean a considerable extra workload for Gannet staff.

"I see this as an example of the way that U.K. oil service companies, having established themselves in the North Sea area, can win contracts in neutral territory away from the moral *support of the Offshore Supplies* Office," he said. It was a trend which was being actively en*couraged by the export division* of OSO.

Norwegian promotion

BY DICK WILSON

IN A bid for offshore technology exports, the Norwegian Government has invited, at its own ex*pense, 14 officials and experts* from South-East Asia to visit its facilities.

The group is participating in the Offshore North Sea '76 Conference Exhibition at Stavanger, and will visit exploration and production platforms as well as attend briefings on both technical and administrative aspects of oil policy.

Indonesia, Malaysia, Philippines, South Korea, Thailand, Singapore and Papua New Guinea are represented in the visiting group now in Norway. Two *officials* of Petronas, the Malaysian State Oil Corporation, are included.

Dyno switches to Holland

BY FAY GJESTER

OSLO, Sept. 14.

DYNO INDUSTRIER, Norwegian producers of explosives, chemicals and plastics, are to site a planned new methanol *plant in Delfzijl, Holland,* instead of in Emden, Germany, as originally intended.

The Delfzijl plant, costing an estimated Kr.320m. (£32m.), will be built beside an existing facility owned by Metanol Chemie Nederland (MCN) and will have the same capacity — 350-tonnes per year — as the older plant. DYNO will build it *in partnership with MCN* and Kema Nord, of Sweden, with MCN holding a 55 per cent. share, DYNO 40 per cent. and Kema Nord the remaining 5 per cent.

A spokesman for DYNO said the Delfzijl location had been chosen because it enabled the company to co-operate with *firms which were already experi*enced in methanol production and which—like DYNO itself—were big users of the product. The Delfzijl plant would also be *considerably cheaper* than the Emden project would have been.

Methanol is an important raw material for DYNO's chemical division—some 85 per cent. of *the division's products contains* formalin which DYNO produces from methanol. Consumption by the company's plant in Norway, Denmark and Finland, is expected to reach 120,000-tonnes by 1978. *The new facility* will secure DYNO all the methanol it needs in the foreseeable future.

Raw material for the Delfzijl *factory will be natural gas from* Norway's Ekofisk field, supplied by the Norwegian state out of royalty gas quotas. DYNO will pay a price corresponding to that paid by the major gas companies on the Continent. The Norwegian Ministry of Industry has undertaken to supply enough to meet the plant's needs and a same agreement between DYNO and the Ministry is expected to be signed shortly. Transport will be by Norpipe's line to Emden and from there by another line which takes natural gas to Holland, Belgium and France.

Canadian assurances on port charges

BY JAMES SCOTT

TORONTO, Sept. 14.

FEARS THAT a new port administration policy for Canada, announced by Transport Minister Otto Lang, would result in higher charges for port users have been allayed by Ministry of Transport assurances that some Federal support will be given to keep costs within reason.

The new policy is designed to bring all Canadian ports under the same administrative framework for the first time and is expected to satisfy shipping industry demands for more local input in running the ports.

After three years of discussion and preparation the 20 major ports will operate under their own commissions which will have almost complete autonomy.

The Shipping Federation of Canada, which represents ocean lines in Eastern Canada, has replaced its earlier doubts about the programme with lukewarm support.

Members of the Federation closely examined all the costs of moving and handling cargo and their initial fear was that the change to *self-supporting* commissions would lead to higher port charegs for domestic and foreign users.

The Canadian Chamber of Shipping, which has heavy West Coast marine representation, said most of its members seemed to think the new policy is a good move.

The various port commissions will now submit their capital budgets to a new supervisory agency in Ottawa—the National Ports Commission—for approval.

This is designed primarily to avoid uneconomic duplication of port facilities, but it could force *some foreign users to switch* from one port to another depending on the shippers' needs. In addition, the move should improve the situation for port users *who had complained* that the previous system was too bureaucratic and slow to react to complaints and suggestions. Approval on minor maters sometimes took months to come from Ottawa.

The main ports to be affected are Montreal, Vancouver, Halifax, Saint John, Quebec City, St. John's, Sept-Isles, Trois Rivieres, Prince Rupert, Churchill and Chicoutimi.

Boat marketing service

FINANCIAL TIMES REPORTER

A MARKETING service for British marine products and small craft was launched in Southampton yesterday to coincide with the Boat Show. English Yacht Equipment, a subsidiary of Lloyd Fisher Associates, *has been set up to provide* manufacturers of British boats and marine equipment with a link with overseas markets and handle both representation and documentation.

Principal areas will be North America, western Europe and early next year, expansion is planned into Australasia, the Middle and Far East and South America.

The boat industry in the U.K. is highly fragmented and many companies are too small to *operate their own export* department, but are too specialised to rely on the general services of the local chamber of trade.

English Yacht Equipment claims that a considerable number of them have been put off by complicated regulations and the high cost of overseas trips. "Only a few can afford an export manager with sufficient experience and those that can have proved successful," said Gerald Lloyd Williams.

"We aim to provide a network of correspondents who are in touch with major consumers abroad who will provide the *liaison with British* manufacturers and obtain market information for our clients in the U.K.

British manufacturers will *sign a marketing agreement* which entails a retainer fee and a commission on export sales. The company will also advise on export finance, insurance and shipping.

The company has been formed by Malcolm Adams, former joint managing director of Chansitor Investments, Gerald Lloyd Williams, formerly managing director of Pepsico Inc. (Europe) and Bob Fisher, the yachting journalist and author. It will operate from Chancery Lane and the World Trade Centre, both in London.

German work for U.K. group

Financial Times Reporter

LOHMANN FERMENTATIONS of West Germany have awarded a contract to Chemical and Thermal Engineering of Wilmslow, for the supply of a complete alcohol recovery plant. The *project comprises* the design and supply of the plant equipment as well as all of the local erection and the commissioning of the complete plant. The contract value is £112,500 and the plant will form an important part of a new site expansion by the Lohman group.

One of the factors contributing to the successful conclusion of this contract is said to have been the short delivery time that the U.K. company was able to offer. The plant is scheduled for in*itial operation before mid-1977.*

Yugoslav order for Krupp unit

By Leslie Colitt

BERLIN, Sept. 14.

A KRUPP subsidiary, Polysius AG, is to deliver a rotary furnace worth some DM62m. for the Partizan cement works at the Yugoslav Adriatic coast. According to the Krupp company it is to have a 3,200 tonnes daily capacity using the energy-saving Prepol process and is to be installed by early 1979.

Krupps says that when the installation is completed Yugoslavia will be self-sufficient in cement and that the plant will be supplying both the domestic economy and will export to the Arab world.

Consortium

Apart from the rotary furnace with pre-calcination, the Polysius group will deliver the entire quarry machinery, crushers, crushing mill, packaging and loading machinery as well as the process automation and electrical equipment. The company's operation partner in Yugoslavia is a consortium of Ingra, Duro Dankovic, Juvent and Rade Koncar.

Late last year Polysius won the contract for equipping the Beocin cement plant in Yugoslavia which is to have a daily capacity of 3,000 tonnes. Krupp says when all its cement plant equipment sold to Yugoslavia has begun operating every fourth sack of cement there will come from a Polysius installation.

Sharp rise in U.K. clothing exports

Financial Times Reporter

BRITISH CLOTHING exports rose by almost 50 per cent. in the first seven months of this year, compared with the same period in 1975. Corner-stone of the boom was the Common Market, where exports rose by [illegible] per cent., according to Clothing Export Council figures. Now the British clothing industry is expected to have exported goods worth £364m. by the end of the year—compared with £265m. in 1975 and only £129m. in 1971.

The latest figures were described as a remarkable achievement by CEC chairman Mr. Jessel Harrison, who said: "We are beginning to achieve the export results which will enable us to reach our target of £500m. worth of exports by 1977-78."

But the import-export gap was still "appallingly high," he said. The value of imported clothing was expected to top that of exports by £350m. this year although the gap was not widening at the same rate. Imports for the first six months of 1976 showed a growth of 38 per cent. compared with a 51 per cent. growth in exports.

Machine tool sales up 20%

Financial Times Reporter

Britain's machine tools exports rose more than 20 per cent. from £94m. to £113.1m. in the first seven months of this year, according to figures issued to-day (Wednesday). But imports from January to July totalled £77.2m. against [illegible] for the equivalent period last year—an increase of nearly [illegible] per cent.

The three leading markets for Britain so far this year are the U.S. (£10.7m.), South Korea (£8.5m.) and Poland (£7.1m.).

"These figures will give much needed encouragement to the machine tool sector of the economy, which is currently fighting hard to rid itself of the serious recession which has cast so much gloom over the industry during the past two years," a Machine Tool Trades Association spokesman said.

Polish seminar on marketing

Financial Times Reporter

A BRITISH marketing seminar, *the first of its kind*, is to be held in Warsaw on September 23 and 24. Organised by the London Chamber of Commerce and Industry, the seminar will be held in Warsaw's main technical institute, the Naczelna Organizacja Techniczna and is aimed at improving Polish industry's marketing techniques for selling on the British and West European markets.

This seminar is part of a series of regular events sponsored and organised by the London Chamber and the Polish Chamber of Foreign Trade which is designed to promote bilateral trade. Poland is Britain's second largest customer in Eastern Europe. In the first seven months of this year British exports were worth £112.8m. compared to £102.9m. during the same period last year. Polish sales to Britain are also slightly, rising from £68.5m. in the first seven months of 1975 to £89.1m. for the same period this year.

Despite these increases in two-way trade, disappointment has been expressed at what is considered a mild stagnation in the development of trade following a rapid expansion in recent years.

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Ford workers warned to be ready to strike

BY JAY PALMER NEW YORK, Sept. 14.

DESPITE the intervention of [F]ederal Government mediators yesterday and a third offer by Ford Motor late last night, officials of the United Auto Workers (UAW) union to-day said that they were holding out for further concessions and warned their 170,000 Ford members in 22 states to prepare for a strike from midnight to-night.

The chances of an 11th-hour settlement are seen as remote. The gulf between Ford and the UAW is still described as large and to-day there was still no sign of the traditional round-the-clock bargaining that would signal such an impending breakthrough.

For the first time since negotiations started last month, officials at Ford were this morning openly pessimistic about the possibility of a no-strike settlement. At the same time, union negotiators have commented that "the talks are in the ditch" and the odds against a settlement are over 100 to one."

If a strike is called in the early hours of to-morrow morning, it would be the first by the UAW against Ford since the company was last named as the union's "target" in 1967. Most estimates now suggest that any strike could last up to four weeks before hurting both the UAW and the company.

Late yesterday Ford made its third offer to the UAW, addressing itself for the first time to issues which the union had described as "critical." The company's proposals included a complicated plan to reduce individual working time, an inrease in retired workers' fringe benefits as well as improved formulas for calculating future wage increases and unemployment benefits.

However, the UAW rejected this latest package as "skimpy" and "essentially unresponsive" to earlier demands. Mr. Leonard Woodcock, the union's president, said later: "We remain a long way apart." There is not enough time, he added, to reach a settlement by the deadline" because there is too much of a gap to bridge."

Such slim hopes as there are for a settlement before midnight now centre exclusively on Mr. Henry Ford II, the chairman of the company. Many now expect Mr. Ford, who late last week personally vetoed company plans to offer the union reduced working time, to take a personal hand in the talks.

Although there remains little doubt that a strike would be unpopular with union rank and file, many of whom have still not financially recovered from recent plant closedowns and layoffs, everything suggests that it is the company which will be most badly hurt.

All the large U.S. car makers are now on the verge of publicly unveiling their new 1977 model year cars and any strike, especially a long one, against Ford could prove especially damaging. With General Motors having cut both the size and weight of its "large cars," Ford rightly sees itself as now being about to enter a major battle for a bigger market share.

Ruling party returned in Trinidad and Tobago

PORT OF SPAIN, Sept. 14.

DR. ERIC Williams and his People's National Movement swept unexpectedly to a convincing victory to-day in general elections in twin-island State of Trinidad and Tobago.

The party won a fifth five-year term in office by 24 seats to the 10 won by the United Labour Front—the first truly left-wing party to get seats in the House of Representatives, and the two by the Democratic Action Congress.

However, political observers here were predicting that the success of the Left would force Dr. Williams into a more Socialist-leaning policy.

The United Labour Front, with its avowed Communist aims, will provide lively opposition in the House to the ruling party, which for the past five years has had virtually no opposition. Before that it received only token opposition from the mildly-Socialist Democratic Labour Party, which held all 12 opposition seats from 1966 to 1971

The United Labour Front has the backing of the powerful oil and sugar workers' unions, support that could be used to bring pressure on the new Government. In recent years Dr. Williams has moved to the left, nationalising leading industries, but he still believes that the best way to develop the country is in association with multinational companies. Reuter

U.S. STATE MEDICAL SERVICES

A tale of 'rampant fraud and abuse'

BY NANCY DUNNE IN WASHINGTON

AMERICA'S TWO major Government-financed health care programmes—Medicare for the aged and Medicaid for the poor—are facing the harshest criticism of their ten year history. Both schemes have long been marred by corruption and low quality service, but a new report putting Medicaid "losses" into billions of dollars is likely to bring Congressional action to protect it from abuse.

In July Congressional investigators estimated that American doctors have been stealing more than $300m. a year from Medicare by padding bills, falsifying claims, and participating in kickback schemes. Almost before the defenders of the programme had had time to reply that only 4-6 per cent. of the 250,000 participating physicians were thought to have engaged in fiddles, a Senate sub-committee stunned them with further findings. Investigators of the Medicaid programme in eight cities found illegalities so widespread that "conservative" estimates of fraud and inefficiency range from $3bn.-$5bn. of the $15bn. being spent each year on health care for the needy. The report concluded that the "rampant fraud and abuse" was matched by "an equivalent degree of error and maladministration by government agencies."

Both programmes were launched during the halcyon days of the Great Society. Medicaid, which now has more than 25m. eligible recipients, was intended to provide health care including doctors' visits, hospital care, and a wide range of treatment for citizens too poor to pay for it. It is funded by a mix of federal, state and municipal money at a cost which like all medical costs, has risen enormously—from $1.5bn. in 1966 to $15bn. to-day.

Medicare is available to all citizens of 65 and above, regardless of income. Rather than paying for entire services, it gives cash assistance—an average 38 per cent. of the total bill—to the blind in addition to the old, and disabled, using funds provided by the social security system. About $22.1bn. was disbursed in Medicare payments last year to some 24m. Americans.

Investigators have found many differences between the types of fraud and abuse perpetrated against the two programmes. Medicare frauds are, for the most part, isolated individual acts, generally consisting of charging for services not rendered. In Medicaid, most abuses involve a conspiracy of several practitioners and the introduction of assembly-time methods to defraud the Government.

Americans had been reading about the programmes' failings for some time, but the latest investigation had greater impact because of the direct participation of Sen. Frank E. Moss, chairman of the investigating committee, the sub-committee on long term care. The Senator, masquerading as a patient, presented himself for treatment at two New York City medical centres, dressed in ragged clothes and shoes bursting at the seams.

What he experienced was said to be typical of the treatment meted out to the poor who visit what have come to be called "Medicaid mills"—small, dilapidated, ill-equipped facilities which have sprung up in ghetto areas allegedly to serve the poor. An estimated $2.2bn. a year flows through these storefront clinics.

Sen. Moss, who had been pronounced in perfect health by his own physician three weeks earlier, told the centre receptionist he "thought" he had a cold. He was given a complete medical examination, blood tests, X-rays, urine test, a misdiagnosis of a muscle spasm, treatment by a chiropractor, prescriptions for several different drugs, and a second appointment for a return visit the next day. The clinic's anxiety to give him such thorough care is explained by the fees Medicaid pays for each service rendered.

Conservative estimates of fraud and inefficiency range from $3bn. to $5bn. of the $15bn. being spent each year on health care for the needy.

The picture that emerges from reports and testimony suggests that most of the abuse stems from the "Medicaid mills," but major fraud has also been found in nursing homes, pharmacies, and laboratories. Mill physicians pay large percentages of their earnings, an average 30-50 per cent., to the clinic operators (mostly non-medical entrepreneurs) and pay another large chunk of their take to "factoring" firms, which provide bookkeeping and collection services and, essentially extend "loans" to the doctors, who must wait three to six months for Government reimbursement of their fees.

Since the practising physicians must make large billings to pay their debts to mill operators and factors, they have devised many methods of maximising earnings from each visit. These were detailed by the Moss sub-committee.

- "Ping-ponging," the most common abuse, meaning the practice of referring patients from one practitioner to another.
- "Ganging," the practice of billing for multiple services to members of the same family on the same day, even though only one member may require treatment.
- "Upgrading," the practice of billing for a service more extensive than that actually provided, like treating a cold and calling it "acute bronchitis."
- "Steering," which involves directing a patient to a particular chemist from whom kickbacks may be obtained.

The quality of health care being offered in Medicaid clinics was found to be dangerously poor. One doctor testified that she was forced to provide her own soap for washing hands between patients because the clinic would not. Doctors were found who rarely took blood pressure readings, temperatures, and height and weight measurements because such services are not reimbursed.

The unhealthy condition of the Federal programmes has been spread liberally. Conservatives fault "wild spending" liberals for introducing "socialised medicine." Liberals say it was the conservatives who wanted the programmes administered by state and local governments, creating a division of responsibility which left no one in charge. Critics also blame the Department of Health, Education and Welfare, which until recently had only a handful of employees to monitor the entire system, State and local authorities, who have neglected to investigate the abuse; overburdened federal prosecutors, who say they have neither the staff nor the expertise to haul the perpetrators to court; and Congress, which passed the original legislation without giving sufficient policing authority to any one agency.

The Senate is working on legislation to remedy the situation, which, among other provisions, will create a central fraud and abuse unit with overall responsibility for Medicaid and Medicare, and will make health-care crime a felony punishable by five years in prison and a $10,000 fine. It is expected to pass the Senate this year or next and Senate officials have high hopes that the House will approve a similar Bill.

Alaska pipeline inspectors told to be stricter

BY DAVID BELL WASHINGTON, Sept. 14.

THE U.S. Department of the Interior has told its inspectors in Alaska that they should be more prepared to issue "stop work" orders if they are dissatisfied with the quality of welding on the 800 mile trans-Alaska pipeline.

This follows criticism of the Department's inspectors from the Interior Department's own internal audit office which to-day released a report accusing them of not halting construction enough during last year's welding season. The pipeline has been plagued with problems both with the welding and with X-rays of the welds, some of which have disappeared. The Alyeska Pipeline Company is currently re-examining some 4,000 "problem" welds from last year's batch.

If the Interior Department's inspectors do stop construction more frequently than in the past this could delay the pipeline, which is now expected to open in October next year. Alyeska still insists that there is no reason why that date should not be met, but a very critical report issued by investigators of the House Energy Sub-committee last week claimed that welding problems are continuing this summer despite company assertions to the contrary.

Another report issued last week by the Department of Transportation, which has primary responsibility for the limited area of pipelines safety, took issue with this and said that all the problems related to work done last year. But it reached few firm conclusions and acknowledged that more study was necessary before deciding whether all the X-rays made last year were adequate. The report said that it was considering ordering the re-examination of a statistically valid sample of the 30,000 X-rays of welds done last year, but did not think it was necessary to re-examine all 30,000.

SEC options move likely

BY JAY PALMER NEW YORK, Sept. 14

THE U.S. Securities and Exchange Commission (SEC) expects to be in a position to allow trading in "put" options early next year. In a brief statement late yesterday, Mr. Roderick Hills, chairman of the SEC, denied published reports that the agency was growing reluctant to approve "puts."

During the past nine months or so, both the Chicago Board Options Exchange and the American Stock Exchange have intensified pressure for "put" options, and following the SEC's comments both exchanges said that they already had plans for "put" trading and would be able to start as soon as the agency gave formal approval.

However, the SEC has as yet only approved trading in "call" options. "Call" options entitles the holder to buy a specific amount of underlying shares at a certain price within an agreed time period. "Put" options would give a similar right to sell shares.

At the most superficial level, "put" options trading would enable small investors to anticipate bear or downward prices trends. By acquiring the right to sell shares in, say, six months at a certain price, investors would be in a position to benefit from price falls within that period.

'Sunshine' Bill approved

BY OUR OWN CORRESPONDENT WASHINGTON, Sept. 14.

DESPITE considerable opposition from the heads of many government agencies, President Ford yesterday signed a limited "Sunshine" Bill which will make many regulatory bodies conduct almost all their proceedings in public.

The Bill has been significantly watered down in some respects, but it will still have the effect of opening up many hitherto closed areas of the Government. One apparent exception among such agencies is the open market committee of the Federal Reserve Board whose chairman, Dr. Arthur Burns, has not supported the Bill. This is likely to continue to set Fed interest rate and other policy in secret, but must henceforth keep a transcript of its proceedings which could be made public later.

Among those agencies affected are the Interstate Commerce Commission, the Securities and Exchange Commission, the Federal Communications Commission, the Civil Aeronautics Board and the Nuclear Regulatory Commission. Meetings which deal with allegations of crime, defence, foreign policy and some other areas will remain secret.

Payments admission

BY OUR OWN CORRESPONDENT NEW YORK, Sept. 14.

FOR THE first time since the U.S. corporate bribery scandal broke 30 months ago, an American company has admitted being on the receiving end of "questionable payments"—the modern euphemism that covers everything from outright payoffs to illicit rebates.

Warnaco, a Connecticut-based clothes manufacturer, confessed in a filing with the U.S. Securities and Exchange Commission that one of its subsidiaries and "one or more of its employees" of that subsidiary had been given more than $400,000 by an unidentified "ocean carrier."

Although both Warnaco and the SEC refused to release any further details, it is widely believed that these payments were part of those made by R. J. Reynolds' container unit, Sea-Land Services. Last week Reynolds disclosed that Sea-Land had paid $19m. in "possibly illegal" rebates.

Warnaco, which to-day stressed it was still investigating the payoffs and admitted that it could still uncover further payments, reported 1975 sales of $340m. The company's main business is in women's clothes, particularly sweaters, sportwear, lingerie and bras.

Over the past two-and-a-half years, more than 200 U.S. companies have admitted making payoffs of one kind or another. While most of these payments were apparently made overseas, virtually every company has refused to name the recipients. The disclosure by Warnaco is expected to encourage the SEC's attempts to uncover the names of those U.S. corporations which accepted money.

EUROPEAN NEWS

Poor and rich nations resume dialogue

By Robert Mauthner

PARIS, Sept. 14.

THE "*North-South dialogue*" between the industrialised and developing nations, including the world's major oil producers, resumed here to-day after a two-month interval following a compromise agreement on a work programme for the coming weeks.

On paper, the industrialised countries, *including* the U.S., the nine Common Market states and Japan, have agreed to discuss the two major problems which most worry the Third World—debt relief and the protection of their purchasing power against inflation.

The industrialised camp, however, has made no prior commitments. It has agreed to study any proposals which might be made by the developing nations by the end of October, but has insisted on a rider being added to the agenda that these discussions should not prejudice the final outcome of the conference.

That is how things stand at the moment, and nobody is voicing any undue optimism merely because the negotiations have resumed after the long procedural wrangles of the past two months. Indeed, the talks on the agenda have taken up so much time, that there is a shortage of concrete proposals to keep the four specialised commissions *on energy, raw materials*, development aid and financial problems fully occupied.

As a result, the current session may be cut short and end on Friday or Saturday instead of next week, while the next meeting scheduled for the third week of October, could be extended.

STATFJORD OIL PLATFORM LEAK

By Fay Gjester

OSLO, Sept. 14

THE CONCRETE base of Statfjord A, the first production platform for the Anglo-Norwegian Statfjord field, is leaking, its builders revealed yesterday. Some 25,000 litres of water per hour are seeping *into two of the concrete cells* 100 metres below water level. Norwegian Contractors, which built the concrete base, said the damage was "very limited" and the leaks would soon be repaired.

Europe 'energy policy' proposed by oil companies

BY RUPERT CORNWELL

PARIS, Sept. 14.

FIVE LARGE European oil companies, including Compagnie Francaise des Petroles (CFP) and ELF-Aquitaine of France, have proposed to the Brussels Commission what amounts to the outline of a Community energy policy.

The suggestions are contained in a memorandum submitted by the five to the EEC at the end of last month. The other signatories are Petrofina of Belgium, the State-controlled ENI of Italy, and West Germany's Veba, in which the Bonn Government is the biggest single shareholder.

The three main ideas raised by the document cover greater co-ordination of refinery construction, information to provide a better picture of pricing policies, and steps to pool *certain exploration projects of* the companies—thus establishing the germ of a genuine Community presence in the world oil industry.

The idea of harmonising plans to build new refineries reflects the concern of the five at the growing over-capacity within Europe. This may well be exacerbated in future as downstream facilities in the producing countries themselves come into operation.

Another factor is the probable shift away from oil to other sources of energy, which would imply a change in refining requirements towards a greater *output of light products at the* expense of heavy fuel.

The Commission has been seeking for some while more data on oil pricing. But the reasoning behind the memorandum is dictated by more pressing considerations, above all, the need to avoid being outflanked by the majors in their negotiation with producing states, which would offer cheaper access to crude oil.

At the same time, the French and Italian companies believe that more evidence about prices will aid them in their long-standing campaign to secure higher margins on the petroleum products they sell on their domestic markets.

Significantly, the document presented in Brussels has not been endorsed by the two European majors, British Petroleum and the Anglo-Dutch Shell group, something which *must reduce its prospects of* ultimate success.

Nonetheless, the joint step is seen as highly important in Paris, inasmuch as it marks perhaps the first detailed response from the industry itself to the hopes that have so far been vainly aired about a joint energy policy for the EEC.

Italy supports 'safety net'

ROME, Sept. 14.

THE ITALIAN Cabinet to-day approved a draft Bill to "ratify and execute" a previously informal agreement under which Italy will adhere to the "safety net" plan set up by major oil importers.

The plan was agreed on in principle on April 9, 1975, by the members of the Organisation for Economic Co-operation and Development (OECD). It foresees that the 24 members will set up a $25bn. fund from which the subscribers could borrow if they need money to bail themselves out of short-term trade deficits due to high fuel prices.

The Cabinet also approved draft bills to commit Italy to *adhere to*, the Inter-American and Asian Development Banks, a 1975 pact setting up the European Space Agency, for the peaceful exploitation of space, a 1969 *world agreement on fighting* hydrocarbon pollution, and a 1971 pact on allocating how damages resulting from such pollution should be paid.

The Cabinet also re-wrote the tax laws to by-pass a recent adverse court decision on joint filing procedures, and streamlined payment procedures for the value-added tax, from which there has been widespread evasion, according to Government studies.

A Bill is also to be presented to liberalise the import of certain tobacco-based products used as insecticides because of domestic shortages.

The Cabinet also raised the salaries of non-teaching staff in schools and the grants given to the great majority of students at university. These will add L7bn. to the current state budget and L22bn. next year, a Cabinet communique said.

AP-DJ

New chief of armed forces in Greece

General Ioannis Davos, who played a vital role in the restoration of democratic rule in Greece in the summer of 1974, was yesterday appointed chief of the Greek armed forces, Our Athens Correspondent writes.

The appointment was announced by the Supreme Council of National Defence which met under Premier Constantine Karamanlis. The stocky General, who has repeatedly said that the Army should not meddle in politics, replaces General Dyonisios Arbouzis, who resigned for personal reasons.

Italian growth

The Italian economy will grow more slowly in the second half of this year following rapid expansion in the first half and is unlikely to regain momentum before mid-1977, Government economists have said, Reuter reports from Rome. They forecast second-half growth at an annual rate of 2 per cent. or less after 7 to 8 per cent. growth in the first half which brought gross national product nearly up to pre-recession levels.

Swiss upturn

The economic upturn which started to make itself felt in Switzerland at the turn of the year has been only very gradual and will remain modest in the coming months, according to a report by the Swiss Economic Studies Commission, writes John Wicks in Zurich. Gross domestic product, which fell off by 8 per cent. in real terms in 1975, is not *expected to increase by more than* a real 2 per cent. this year.

Aid for Portugal

U.S. Ambassador Frank Carlucci yesterday handed the Portuguese Government a cheque for $16m. to aid in the urgent task of re-integrating the nearly 1m. refugees that have flooded Portugal from its ex-African colonies, UPI reports from Lisbon. The cheque was part of $179.5m. in American project aid for fiscal 1976.

Norway lending

In a further move to reduce liquidity and slow the rise in bank lending, the Norwegian Government has announced an increase in primary reserve requirements for commercial banks in southern Norway, writes Fay Gjester in Oslo. The increase, from 3.5 per cent. *to 4.5 per cent. of total* assets, will take effect to-day.

Force de frappe

France's nuclear deterrent threat will remain the country's fundamental defence, new Premier Raymond Barre said yesterday, Reuter reports from Paris. "Our military defence policy rests in *the first place* upon the nuclear capability, which constitutes the fundamental condition of our freedom of action," M. Barre told the Institute of Higher National Defence Studies.

Giscard to Italy

French President Valery Giscard d'Estaing will make a working visit to Italy in early December at the invitation of Italian President Giovanni Leone, the Elysee Palace announced yesterday, UPI reports from Paris.

Dutch investigation

The Lower House of Parliament yesterday decided to set up a special house committee to investigate the procurement policy of the Dutch Air Force and Navy, UPI reports from The Hague. The decision follows the recent report on Prince Bernhard's involvement in the Lockheed bribes scandal.

Czech engineering

The Czechoslovak Communist Party's ruling Central Committee sharply criticised the situation in the country's engineering industry yesterday and warned that inefficient managers would be sacked, Reuter reports from Paris.

Police talks on Spain clashes

BY ROGER MATTHEWS

MADRID, Sept. 14.

POLICE CHIEFS from all over Spain have been summoned by the Director-General of Security to a top-level meeting in Madrid on Thursday following mounting Government anxiety over yesterday's serious street clashes in the heavily industrialised Basque region.

Striking workers again threw up barricades in the suburbs of Bilbao this morning as police tried to break up demonstrations with rubber bullets and tear-gas. *Police fired several shots into* the air as they tried to drive workers away from a barricade which had halted traffic on one of the main roads into the city.

At *least 60,000 workers in the* province of Vizcaya voted to continue yesterday's general strike, although in neighbouring Guipuzcoa most factories and offices returned to normal.

The one-day strike had been called to protest at the police killing of a young demonstrator in the town of Fuenterabia last week. Despite Government orders from Madrid that the police and Guardia Civil should not use fire-arms except in the last resort, *one of yesterday's demonstrators* remains seriously ill in hospital to-day having been hit in the head by a police bullet.

With a major series of wages negotiations due to be concluded in the next three months and the Spanish economy poorly placed to withstand another round of strikes, the Government *is understandably anxious* to reduce tensions. Police chiefs are therefore expected to be told to use the minimum amount of force necessary to *contain social unrest*, even though this may run counter to their instructions for the past 36 years and therefore difficult to apply.

The gulf between the Basque people and the security forces, disguised until recently both by Press censorship and the extreme vigour of police methods, is now coming to be recognised. Some 15 mayors from towns in the Basque country, whose loyalty to the regime of General Franco had never been in doubt, came to Madrid yesterday to see the Minister of the Interior, Sr. Martin Villa and expressed their opposition to police methods.

The entire town council of Fuenterrabia has resigned in protest at police action and other councils can be expected *to follow if there are further* serious incidents. Even the very conservative daily newspaper ABC this morning described the Basque situation as "grave" and urged immediate official action.

The senior political commentator of the Catholic daily Ya compared yesterday's events with the tension in the town of Vitoria earlier in the year when police shot five demonstrators and wounded another 50. He described the position as "very serious" and warned of the repercussions these events could have on the political reform plans of the Government.

Military sources now report that several generals maintain considerable reservations about the Government's plans as explained to them last week by Sr. Adolfo Suarez, the Prime Minister. Although it was assumed the military had given their blessing to the scheme for a two-tier Parliament, mostly elected by universal suffrage, certain doubts have subsequently been raised. This in turn could mean that the Cortes (Parliament) will not readily provide the two-thirds majority needed to pass the draft law.

Although the Prime Minister has said that a major reform of the Government-run trade union organisation will have to await the formation of a Parliament next June there are indications that employers feel this involves too long a delay.

EURODIF DECISION ON ENRICHMENT

New uranium plant planned

BY ROBERT MAUTHNER

PARIS, Sept. 14.

FRANCE and its partners in Eurodif—Italy, Spain, Belgium and Iran—have decided to build a second uranium enrichment *plant using the gaseous diffusion* process, at a total cost of Frs.10bn. (about £1.1bn.).

The decision, however, is not irreversible, and the final go-ahead for the plant, which will have a full capacity of 10m. separative work units per year, will be delayed until 1978, when the first Eurodif enrichment plant at Tricastin in Southern France will begin operating.

By that time, too, American intentions in this field will have become clearer, as will future world demand for enriched uranium.

For the moment, the plan is that the new plant, to be built by Coredif, a company created in 1975 by the Eurodif members and in which the latter organisation has a 51 per cent. stake, *should be set up in two stages.* It is scheduled to start functioning in 1985 at half its capacity, and production will not be stepped up until later to 10m. separative work units, depending on the state of the market.

With a total capacity of some 16m. separative work units in 1985 — about 11m. for Eurodif *and 5m. for the planned Coredif* plants — the Eurodif members will have exceeded current American capacity of 14m. units.

By 1981, however, American *capacity will have risen to more* than 27m. units and it remains to be seen what additional supplies of enriched uranium will eventually come on to the market from Urenco — the Anglo-German-Dutch ultra-centrifuge consortium — the Soviet Union, Japan, Australia, South Africa *and other potential suppliers.*

The decision by the Eurodif members to build a second uranium enrichment plant is based *on forecasts that, despite the cur*rent levelling off in the nuclear power programmes of the major industrialised countries, world demand for enriched uranium will accelerate from 1980 onwards. By 1984, according to the forecasts quoted by French experts, demand will have caught up supply, and by 1990 supplies could fall well short of estimated *world requirements of some 92m.* separative work units, unless new capacity is installed in the meantime.

Mines face credit problems

BY DAVID EGLI

GENEVA, Sept. 14.

CAPITAL requirements of the uranium industry, although large in absolute terms, account for less than 1 per cent. of the total requirements of all the energy industries, according to an American banker specialising in this field.

Mr. William Pelley of the Bankers Trust Company, New York, told a meeting of nuclear fuel industry executives here to-day that the United States alone would require as much as $6.5bn. in additional capital by 1990 to meet its projected uranium demand—a sum which appeared "enormous" for an industry with assets currently valued at around $1.5bn.

The financing problem of uranium mines, Mr. Pelley told the international conference on uranium, was not one of capital availability, but of the ability of the industry to attract capital. "It is a problem of having an adequate credit base," he said.

The uranium industry had until now lacked the market stability so necessary to create its own credit base, the speaker argued. Although the industry had moved more into the private sector, it was still subject to international import and export restrictions and intense Government supervision, and the "capricious nature of such regulations," Mr. Pelley said, "severely crippled the ability of the industry to stand on its own two feet."

The three-day meeting here, organised by the Washington-based Atomic Industrial Forum, a trade association of the U.S. nuclear industry, grouped some 150 specialists. They were provided with the latest projections on world supply and requirements of uranium, according to the United States Energy Research and Development Administration.

It was estimated that the growth of the industry will be in the order of 13 per cent. annually for the remainder of the century and that, although the availability of fuel will become a major concern, there was a good possibility that enough uranium would be available at reasonable prices.

The mid-case projections for U.S. installed nuclear capacity in the year 2000 was set at 510 GW, with non-U.S. capacity (excluding Eastern Bloc countries) set at at least twice this level.

Namibia price below world level

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN HAS been obliged to re-negotiate the price it must pay for uranium from the controversial Rossing mine in Namibia, but the new price apparently remains highly advantageous compared with world market prices.

According to the U.S. newsletter Nucleonics Week, Britain will pay "just below $13 a pound" for Rossing uranium in 1977, *compared with "a maximum* of $9.50 plus escalation" from January, 1977, under the original contract.

Significantly, the new price is said to be based on cost plus profit, rather than on the world market price now prevailing. For comparison, the newsletter reports that Japanese electrical utilities—another of Rossing's major customers—have recently accepted a renegotiated world market price deal for delivery prices of $22.50 in 1977 and $32 in 1978.

British uranium contracts are negotiated by British Nuclear Fuels on behalf of the U.K. Electricity utilities, and the revised cost will be taken account of in the new package of nuclear fuel services currently being negotiated for the period 1976-79. These services include fuel supplies, enrichment and reprocessing of spent fuel.

Britain is one of the major customers for the £120m. Rossing mine, now being commissioned and expected to reach its full output of 5,000 tonnes a year by *about the end of the year. Its* contract is believed to be for the best part of 10,000 tonnes, for delivery over a period of five-six years.

Russia may back Bonn plan on terrorism

By Adrian Dicks

BONN, Sept. 14.

THE WEST German Cabinet is privately confident of winning support from the Soviet Union for the draft agreement on international terrorism that the *Foreign Minister*, Herr Hans-Dietrich Genscher, will present to the U.N. General Assembly in two weeks, it was learned to-day from reliable sources here.

Bonn has been working quietly on two levels towards effective international anti-terrorist machinery. On one level it has been seeking closer co-operation among the nine members of the EEC. This still leaves something to be desired in practical terms, in the West German view, but in diplomatic terms the moves were reinforced by general approval of the Genscher plan at last week-end's *Foreign Ministers' meeting in Holland.*

The second level of activity is at the U.N., where Herr Genscher's speech will be the first major West German initiative since the two German States were admitted to full membership. Here, while the joint attitude of the Nine is regarded as vital, the Bonn view is that nothing of substance can be achieved without the co-operation of the Soviet Union and without the pressure the Russians can bring to bear on much of the Third World.

Although Moscow has had little to say publicly about anti-terrorist treaties, high level sources here are now increasingly hopeful that it will join in the type of scheme Herr Genscher will suggest. The main point of this would be to require signatory governments to undertake that terrorists who take hostages should either be rapidly brought to trial in the country where they end up, or else extradited to the country from which their action started.

What is not yet clear is the diplomatic price which the Soviet government might ask for its co-operation over an anti-terrorist agreement. There is some speculation in West German newspapers that an area of compromise might lie in the much less specific discussion of human rights that Herr Genscher is also expected to initiate.

The anti-terrorist treaty has long been a central part of West German policy, and has been pushed hard by both Herr Genscher and his coalition partner, Herr Helmut Schmidt. The Foreign Minister's speech in New York will be virtually the last major foreign policy action of the Government before the October 3 Bundestag election.

Alternative economic plan for France

BY RUPERT CORNWELL

PARIS, Sept. 14.

A SEVEN-POINT plan to provide a lasting solution to France's deep seated inflationary ills, including a wealth tax and closer links between boardroom and shop floor in industry, has been put forward by the Radical *leader M. Jean-Jacques Servan-Schreiber.*

In predictably flamboyant style, M. Servan-Schreiber's suggestion has been published as a pamphlet, just a few days before the new Prime Minister, M. Raymond Barre unveils his own eagerly-awaite dprogramme to tackle the same problem.

The plan will certainly prove much too adventurous for the tastes of the cautious M. Barre. But its author is usually given a close hearing by M. Giscard d'Estaing for whom he is something of a symbol of the centre left support that the President hopes to attract.

Apart from the wealth tax and the proposal for closer links between the two sides of industry, M. Servan-Schreiber takes the opportunity to beat another of his well-worn drums —that of a greater devolution of economic power to the regions in place of the present system of virtual decrees from Paris.

He also advocates chances in death duty regulations which would increase the levy on the most wealthy. *Meanwhile*, the tax declaration of higher income earners should be made publicly available to help eliminate "the scandal of tax fraud."

The thinking behind these proposals is impeccably liberal. France, according to Mr. Servan-Schreiber, is living beyond its means. Resources must be shifted into investment. This means that the real income of consumers, which had been recently growing at 4 per cent. annually despite the recession, must be cut back.

Farm drought loss £650m.

PARIS, Sept. 14.

THE REVENUE lost by French farmers this year because of the drought has been estimated at Frs.5.6bn. (£650m.), the National Agricultural Accounting Office said to-day.

The Government is scheduled to announce on September 22 its proposals on the extent to which the farmers should be compensated, and will use the Frs.5.6bn. figure as a guideline, taking into account the Frs.2.2bn. already made available as an emergency measure.

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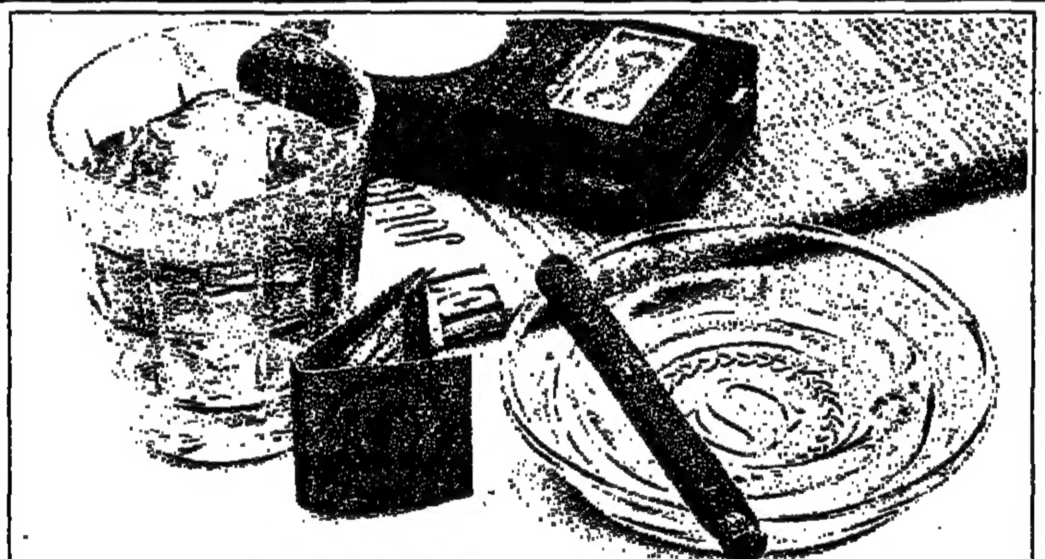

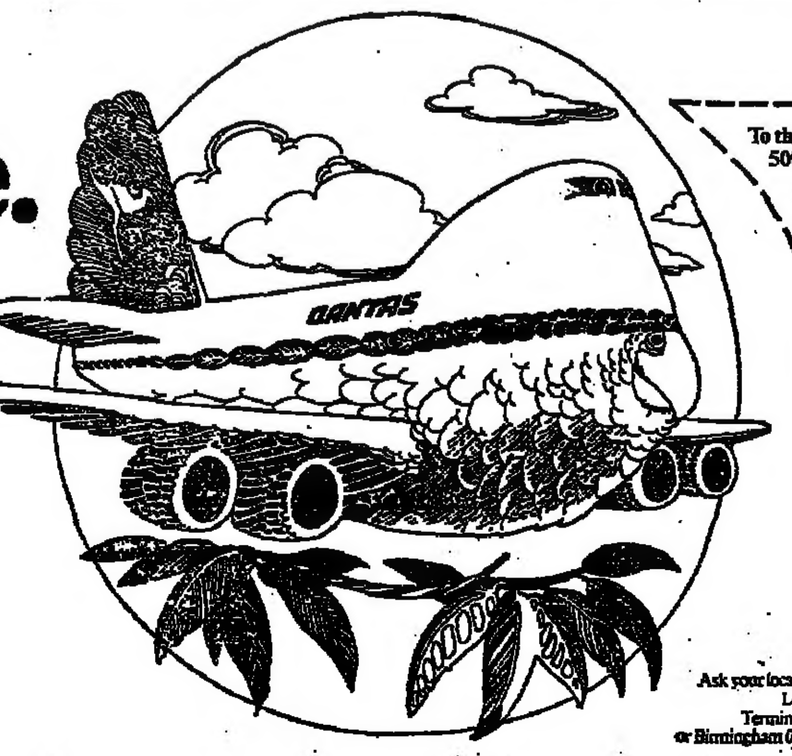

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WEST GERMANY'S GENERAL ELECTION

Nicholas Colchester follows CDU leader Helmut Kohl while (right) Adrian Dicks reports on Chancellor Schmidt's SDP-FDP campaign

Liberty and wealth with Kohl

Herr Kohl meets CDU sympathisers at a Frankfurt rally.

THERE is a picture that conveys the mood of this general election campaign in West Germany and which to some extent explains the uncertainty over its outcome. It is a composite picture of the conservative opposition party's candidate for Chancellor, Helmut Kohl, speaking in a number of charming town squares in the middle of Germany.

The scene gives the immediate impression that these are very good times for the German people. The quaintly timbered buildings are resplendent in new paint. The shop windows that form their bottom floors display a prosperity that is really eye-opening for a visitor from Great Britain or France. The people packed into the square are all brightly dressed—indeed they look like a crowd-scene from an advertisement for detergents. They are quite obviously enjoying themselves.

It is into this fete-like atmosphere that Herr Kohl brings the ominous sounding CDU slogan of "freedom instead of socialism." This slogan is a carefully thought-out irrelevancy. It seems more appropriate to an election scene from the 1920s, with rows of pinched faces and drab suits and the overall impression of resentment and unharnessed political energy. Yet for two reasons it is effective in his prosperous setting. First, without making any specific accusations, it casts the shadow of Soviet Communism and of the "other Germany" over the Social Democrats' efforts. Second, it stimulates the "*Angst*" that West Germans are prone to—the *Angst* that all this prosperity will be undermined by what the Christian Democrats call the Social Democrats' "socialist experiment."

If these seem somewhat nebulous effects on which to base an election campaign the reader is forgetting that something much less substantial than policy platforms separates the protagonists in this German election.

A jingle on the substance of this campaign is already doing the rounds in Bonn. Loosely translated it runs: "Wealth and liberty for all, CDU and Helmut Kohl. Everybody rich and free Helmut Schmidt and SPD."

The most obvious difference between the conservative CDU and the Social Democrat SPD is that in the case of the CDU a political trend is carrying the candidate, whereas in the case of the SPD the candidate is the party's best hope of defying the political trend. The tide has been running towards the CDU for three years now, the major question of this election has never been whether this tide might be reversed, but only whether or not it would be strong enough to carry the CDU to an overall majority. Indeed only four months ago political discussion in Bonn focused on the way this tide would break up the governing coalition of Social Democrats and the liberal Free Democrats (FDP) some time in 1977. The general election then seemed merely a political event along the way, inconveniently ordained by the constitution.

Helmut Kohl's delivery makes good use of his party's natural advantage. His set speech is designed to appeal to people's hearts rather than to their heads. He comes across as a big, friendly, sincere man who has had his fill of bureaucratic humbug and socialist misadventure. He wants to go with "small steps into the future rather than with big leaps into the abyss." He wants to govern "in a language people can understand." The right to property and reward for labour are sacred principles. The budget deficit generated under the SPD proves, he says, that the socialists are no people to "go around with other people's money."

While insisting that it is the last thing he wants to do, Herr Kohl, also manages to daub the coalition's image with a red brush. "Communism and democracy are seperated one from another as are fire and water," he thunders as though this were a prime consideration in the choice that faces the German voter. "I don't know why you applaud," he tells hecklers who have raised a cheer at the mention of Willy Brandt. "It is your comrades who took him out of circulation." He is referring to the East German spy scandal that forced Willy Brandt to resign as chancellor.

Herr Kohl makes an explicit plea for military spending: "What good is social security when the Cossacks are coming"? He favours a continuation of detente but demands a fairer exchange of favours with the Comecon countries, and with East Germany. This last point, embellished with allusions to the way that Helmut Schmidt would lend money to Comecon but not to Communist Italy, invariably goes down well. The applause that greets references to re-unification of the two Germanies is, however, more dutiful in tone, as though an old revered piece of CDU crockery has been taken down and dusted off.

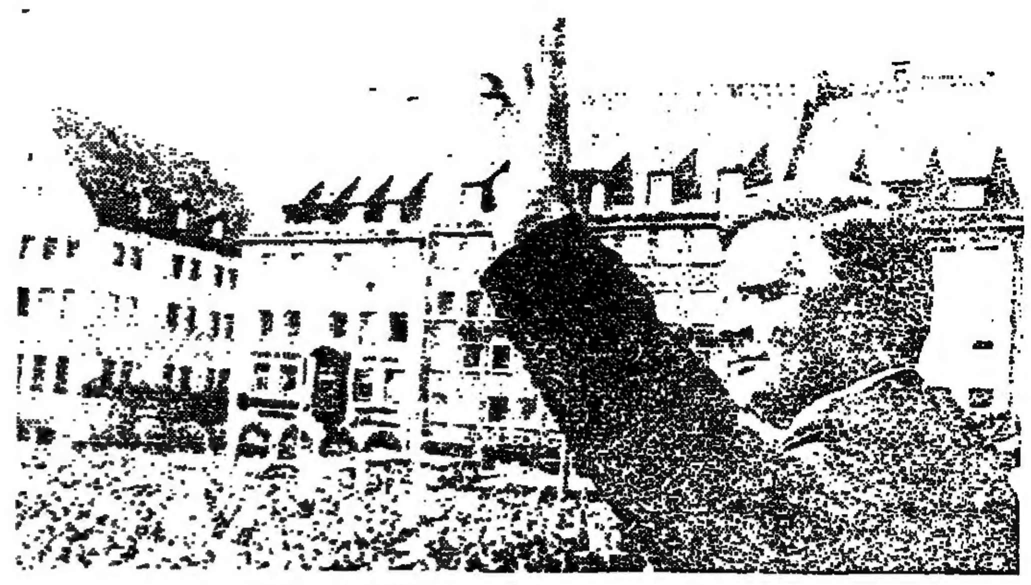
The CDU leader usually generates good crowds. He moves among them with tireless bonhomie. There is a surprising number of young supporters in evidence—reflecting, perhaps, the way in which support for the SPD is at its maximum among the 25-year-olds but tapers off somewhat below that age. Herr Kohl's young opponents plainly do not take him very seriously: they are not moved to yell at him the way they would at Franz Josef Strauss. There is no mood of political confrontation in the air.

The CDU's success in the October election hangs on the chance that a middle class society, free from acute social, economic or external problems, will identify Herr Kohl and the CDU with the uncontroversial values that he lays claim to in his speeches. Voters are offered two paths with very little to choose between them, but one of them has been skilfully signposted as being slightly treacherous.

Another factor that could tip the scales towards the CDU in this finely balanced campaign is the re-emergence of mild nationalism. West Germany now has many reasons to be proud of itself, and though both sides have woven awareness of this fact into their strategies the CDU has done so most successfully. Herr Kohl refers constantly to the "fatherland" and states in his speeches that "democratic patriotism is a duty."

The final revealing moment in the town square in central Germany comes at the end of Herr Kohl's appearances. While the CDU team stand proudly on the rostrum, the attendant brass band leads the assembled crowd into the third verse of the German national anthem. At this moment the heckling invariably dies away and the seal of good German behaviour is awarded without dissent to Helmut Kohl and the Christian Democrats. It is an award whose value must surely increase as time goes on.

Rich and free with Schmidt



Chancellor Schmidt acknowledges cheers in Nuremberg.

THE SCENE is the pretty town of Rosenheim, an hour's train ride south-east of Munich, and the setting everyone's stereotype image of Bavaria. It is only just past noon, but many of the 5,000-odd people here at the autumn fair (a sort of local Oktoberfest) have been supping beer steadily since 10 o'clock. Most have vast litre mugs at the ready as the visiting politician raises his own in a genial, embracing toast. Then he whirls round, snatches a baton and leads the brass band into a spirited march. The crowd is on its feet, roaring with delight.

Herr Franz-Josef Strauss? No, the improbable blue suit among the lederhosen is that of Chancellor Helmut Schmidt, pushing his re-election campaign deep into enemy territory and astonishing many of his own staff with a rare but brilliant display of the popular touch.

The meeting quietens down again, and Herr Schmidt ends up with a dual plea. He tells the minority of Social Democratic voters present (in a town where even most trade union members are for Strauss) to do their duty and to remember that the difference between just winning and just failing to win is narrow.

With the opinion polls and every other indicator showing a race too close to predict, Herr Schmidt's SPD-FDP coalition has its back to the wall. That means, in a campaign that both sides are choosing to fight on largely personal grounds, that Herr Schmidt himself, as his party's largest asset, is having to cover a great deal of ground.

The current swing started in Frankfurt on Friday night with a mass meeting that warmly greeted both the Chancellor and his predecessor, Herr Willy Brandt, who as party chairman is also putting in long days on the campaign trail. On Saturday Herr Schmidt's luxurious special train took him to Rosenheim, to the lake resort of Starnberg near Munich, and at night to Herr Strauss' home town of Weilheim. He ended up with a large rally in the solidly SPD city of Nuremberg on Sunday morning.

Even in Weilheim, the German Chancellor gets a respectful hearing. Much of his speech is pure polemics, concentrating on an effort to belittle Herr Helmut Kohl, the opposition leader, as a puppet in the hands of the Right—above all, of Herr Strauss. Mixing sarcasm with flattery of local pride, he refers in Bavaria to Herr Kohl as "the man who would like to be Chancellor under Strauss."

If Herr Schmidt's message has a single, underlying theme, it is perhaps the choice he offers his audiences between "calm and conflict" as a senior SPD man puts it. In terms of the economy, this means the coalition government's successful dampening of inflation and its excellent working relationship with the German trade unions"— though Herr Schmidt does not forget to speak up for the right of business to make good profits. He stresses that unemployment is slowly falling. He states categorically that pensions are safe and chastises the CDU for making old people afraid with its attacks on the social security system's financial problems. The Chancellor is applauded when he describes the West German system as one of the best in Europe.

European affairs as such get little mention. Herr Schmidt and his advisers evidently feel their position is well-known and that, in any case, there is little serious difference here with the opposition. In private, senior SPD figures admit that things might have been very much more difficult if the Communists had gained a foothold in the new Italian government.

Nowhere does the Chancellor play up the options of calm or conflict as much as he does over relations with West Germany's Communist neighbours to the east. He pays handsome tribute to Herr Brandt as the architect of detente after successive CDU chancellors had done nothing. He reminds listeners of the millions of visits paid by West Germans to the DDR—more usually referred to on the hustings as "the zone," or simply "the other side."

Then he goes for the jugular: opposition leaders, declares Herr Schmidt, are recklessly suggesting that the Federal Republic's border police should intervene in the sort of incidents along the East German frontier that have led to several deaths in recent months.

"If we shoot at them, they will shoot back at us. And we Germans know what shooting leads to. After two world wars, we Germans have had it up to the neck with shooting."

The line is the emotional high point of a Schmidt campaign meeting, bringing him prolonged cheers. Yet the issue of how to handle the East Germans is tricky. The CDU do not, of course, advocate a shooting war. Herr Kohl has furiously attacked the Chancellor and demanded that he withdraw the implications of his remarks.

Herr Schmidt is unlikely to do so. He makes no secret of his belief that the campaign will get rougher still during the remaining two weeks.

Italian earthquake homeless may face resettlement

BY ANTHONY ROBINSON

ROME, Sept. 14.

NEW ROUND of earthquake shocks in north-east Italy, and geologists' reports that further tremors are to be expected for at least a year as the deep-seated fracture settles down, has placed a major question mark over the future of the Friuli earthquake area.

The Government has declared a new state of emergency there, and is also examining the possibility of imposing a special tax surcharge to finance reconstruction work.

The latest shocks, which started over the week-end and are still continuing at irregular intervals, have been accompanied by freezing rain. This has deluged the camp sites in which thousands of people are still living four months after the original quake on May 6. Rain has aggravated the problem of landslides caused by the continual tremors.

Many of the patched up and previously damaged buildings have been shaken beyond repair by the latest tremors, and the local authorities are now preparing to evacuate most of the 40,000 or so homeless, mainly to hotels or unoccupied summer homes along the coast.

An inter-party Parliamentary commission has gone up to the area to examine the situation. This follows Prime Minister Andreotti's recent visit before the latest shocks, when he was catcalled in a vivid demonstration of the rage and frustration of earthquake victims exasperated by the slow progress of reconstruction work and the non-arrival of promised winter accommodation.

It now looks as though many of the villages, like Gemona, one of the hardest hit, will have to be abandoned completely and new homes and jobs found for the inhabitants outside the earthquake area. But already many people have left the area on their own accord, a situation reflected by more than 4,000 requests for new passports from this area of traditional high emigration.

The way in which the new Government tackles the Friuli question looks like becoming one of the major test cases of its efficiency. The Communist and Socialist parties are insisting on a major national effort, and there is clearly a temptation to make political capital out of the alleged administrative shortcomings of the largely Christian Democrat-dominated local and regional authorities. The Communist Party, for example, is pressing for political changes locally which would allow the Communists to enter a broad emergency alliance and so become involved directly in an area where they have been traditionally weak.

Russia accuses Japan, U.S. over jet

MOSCOW, Sept. 14.

THE SOVIET Union to-night implicitly charged that Japan and the U.S. had connived at compelling a Russian air force pilot who landed the top-secret MiG25 jet in Japan last week to seek asylum in the West.

The official Tass news agency, in the first Soviet comment on the affair, said First Lieutenant Viktor Selenko had been on a routine training flight when he lost his bearings, ran out of fuel, and made an emergency landing in Japan.

Instead of contacting Soviet diplomats, Tass said, the Japanese authorities "put the Soviet pilot into secret isolation which gives grounds for believing that various methods were used to influence him."

Tass accused President Ford of inciting the pilot to defect by announcing through the White House spokesman that Belenko would be given asylum before it was known whether he had asked for it.

The Tass account, which followed closely the version of the affair which has been disseminated by the Soviet embassy in Tokyo, said that when Belenko was allowed to meet a Russian diplomat he sat "like a dummy."

The meeting, Tass added, "showed that V.I. Belenko was not in a normal state and was under the influence of narcotics or some other effect."

Tass alleged that Japan had "grossly violated" the provisions of the consular treaty between the two countries by refusing to allow Soviet consular officials to see the pilot until four days had passed.

"It is notable that third states have interfered in the affair with the connivance of the Japanese authorities."

The Soviet statement was seen in Moscow as reflecting bitterness over the affair which delivered into the hands of western intelligence the top secret MiG25 "Foxbat" combat aircraft.

Tass said the Japanese Government had not replied to a Soviet embassy statement on September 9 which demanded the return of the plane and the pilot.

"As the events that followed have shown, it has used this time to take the Soviet airman to the U.S."

"The acts of the Japanese authorities with regard to the Soviet plane and its pilot could not be described as being anything other than unfriendly to the Soviet Union, flouting elementary norms of international law and the practice of relations between states," Tass said.

Reuter

Seveso indemnity talks

MILAN, Sept. 14.

AN OFFICIAL of the Hoffman-La Roche multinational chemical group was expected to start negotiations this week with Italian authorities about indemnity for damages caused in nearby Seveso by a poisonous cloud leaked from a subsidiary of the Swiss-based group.

Damages caused to agricultural, commercial and industrial activities in Seveso following severe pollution caused by the highly toxic dioxine were estimated by the Italian side at ...m.

However, the total could be much higher, with additional compensation to the nearly 700 residents of Seveso who had to evacuate their houses, and to the women who underwent therapeutic abortions fearing to carry malformed babies as a result of dioxine effects.

Sources at the Lombardy regional committee disclosed that the Hoffmann-La Roche official should arrive in Milan to-morrow. He would also discuss with Italian unionists future prospects for the 170 workers of Icmesa for whom the company would pay salaries only up to the end of next month.

Icmesa workers have been laid off after the firm was closed by authorities following leakage of the poisonous cloud last July 10. There was little chance that the firm would be allowed to resume production.

AP-DJ.

Warning by Haig

Gen Alexander Haig, Supreme Allied Commander, Europe, yesterday warned that the Warsaw Pact forces have stepped up their ability to attack suddenly, UPI reports from Katterbach, West Germany. But the General said that the North Atlantic Treaty Organisation is improving its early warning systems.

OVERSEAS NEWS

U.S. initiative ignored by Rhodesia Front congress

BY OUR OWN CORRESPONDENT

SALISBURY, Sept. 14.

THE 26 resolutions to be debated at the ruling Rhodesian Front annual congress completely ignore the diplomatic initiative launched by Dr. Henry Kissinger, the U.S. Secretary of State.

The congress opens in Umtali to-morrow.

Not only has the U.S. initiative been ignored, but transition periods, compensation and guarantee schemes, indeed the prospect of majority rule itself, are not scheduled for debate, even though they are surely uppermost in the thoughts of the 600 delegates, and can hardly be avoided when Prime Minister Ian Smith reports back on his meeting with South African Prime Minister John Vorster.

The successful pursuit of the country's guerilla war, which intensified in December, 1972, is directly or indirectly the subject of 15 of the resolutions, and Umtali is an appropriate venue at which to discuss them.

It is Rhodesia's fourth largest town with nearly 10,000 whites and 51,000 blacks, and it is in the front line. Five weeks ago it came under mortar and rocket attack from Mozambique, though damage was slight.

It now has the air of a garrison town, with the old Cecil Hotel on Main Street taken over by the army, as well as an army barracks on the outskirts.

Many of the soldiers will be taking part in a massive security operation to protect the delegates, who will be meeting in the Queens Hall a mere six miles from the border.

None of the issues to be debated will arouse controversy. That will come with the election of the party chairman, for on its outcome rests Rhodesian Front policy in the months ahead.

Mr. Des Frost, a 51-year-old farmer who has held the post for the past five years, is being challenged by Lieut.-Col. "Mac" Knox (63) a former Front chairman and Rhodesia's diplomatic representative in Lisbon until the coup.

Mr. Frost is a conservative who does not hesitate to speak his mind when he sees Government deviation from Rhodesian Front policy, and for him the essence of this policy is "provincialisation," which he interprets as the eventual creation of two black and one white semi-autonomous territorial assemblies.

Roman Catholic Bishop Donal Lamont made a brief court appearance in Umtali yesterday on charges of failing to report the presence of black guerillas and inciting others to do the same. He was not asked to plead to the four charges and he was remanded out of custody for one week, Reuter reports.

Col. Knox, however, is regarded as a pro-Smith "meritocrat" accepting greater black participation in central Government which has the tactical advantage of leaving open—in theory at least—the prospect of a black majority in the administration.

He is regarded as the favourite. The Prime Minister would not allow a candidate to be associated with him if he had not counted heads and concluded that his man would win, or so the theory goes.

But Mr. Frost is an old hand and the party has changed in the years he has been chairman. As the distinction between Government and party has blurred so the party has become flabby.

From the tightly organised "democratic oligarchy" of the sixties membership has fallen from a peak of perhaps 15,000 to around 10,000 and a number of branches no longer function. Mr. Frost can take advantage of this. He will get the support of the traditionally conservative rural delegates, who are disproportionately represented thanks to in-built favoured treatment in the party structure.

The run-up to the contest takes place on Friday morning. Congress debates a key resolution—to be answered by Mr. Smith calling for either adherence to party principles, or for the principles to be revised.

This umbrella motion gives the Prime Minister an opportunity to reject the division of Rhodesia into black and white states—and implicity reject Mr. Frost — and advocate meritocracy, which he will no doubt portray as more acceptable to the South Africans and Dr. Kissinger.

The elevation of Col. Knox, says one Front MP, would mean that the party has turned its back on "baaskap (white supremacy)." If this is so, it comes several years too late, for the shift is irrelevant in terms of back nationalist demands.

For this reason many observers regard the congress itself as irrelevant. But should Col. Knox succeed, it represents a grain of hope for Dr. Kissinger in an otherwise bleak situation.

Iraq force reported inside Kuwait

By Our Own Correspondent

BEIRUT, Sept. 14.

IRAQU TROOPS were reported to-day to have crossed the border into Kuwait and established a tent camp about one kilometre inside Kuwaiti territory.

The Left-wing daily As Safir quoted reliable Arab diplomatic sources as saying that the crossing took place five days ago, and that because of this development the Kuwaiti Foreign Minister, Sheikh Sabah al Ahmed, cancelled a trip he was to have made to Damascus to participate in talks on the Lebanese crisis.

Sheikh Sabah sent Mr. Rashed al Rashed, the Under-Secretary of the Kuwaiti Foreign Ministry, to represent him in the talks.

The newspaper said that for the time being the Government of Kuwait was dealing with the reported Iraqi military move through quiet diplomacy. It did not say how many troops were involved.

The news caused deep interest among political observers here who said that they had received information last month about Iraqi military moves near the Kuwaiti border. They disclosed that the moves may have speeded up the recent measures taken by the Kuwaiti ruler, Emir Sabah al Salem al Sabah.

These included the dissolution of Parliament, the suspension of certain articles in the constitution, a change of Cabinet and imposing restrictions on the left-wing Press.

A long-standing border conflict has held up delineation of the border between Kuwait and Iraq.

It is understood that the Kuwaitis are still suspicious of Iraqi intentions because of the claim Iraq made when Kuwait gained independence in 1961 that the oil-rich Gulf state was an integral part of Iraqi territory.

Informed sources believe that if troops have been sent into Kuwait, Iraq may have been encouraged by the Syrian precedent of stationing forces in Lebanon.

PLO, Syrians and Lebanese to meet to-day for ceasefire talks

BY IHSAN HIJAZI

BEIRUT, Sept. 14.

A HIGH-LEVEL meeting by Lebanese, Syrian and Palestinian leaders is expected to take place to-morrow in the town of Shtaura in the Bekaa Valley in east Lebanon to discuss the establishment of an effective ceasefire which will enable a smooth transition of power to President-elect Elias Sarkis on September 23.

According to reliable sources, the meeting is expected to be attended by Mr. Sarkis himself, Mr. Yasir Arafat, the chairman of the Palestine Liberation Organisation, and President Hafez Assad of Syria or his Prime Minister, Major General Abdel Rahman Khleifawi.

Mr. Sarkis, the PLO and Syria have agreed to the meeting, but the approval of Lebanon's right-wing Christian front under President Suleiman Franjieh was still needed. The subject was discussed by Col. Mohammed el Kholy, an aide to President Assad, when he visited right-wing leaders in Jounieh yesterday, the sources said.

It was noted that only Mr. Sarkis, as representative of the new Lebanese legitimacy, will be present from the Lebanese side. The idea, observers said, is to keep the rival Lebanese factions out of the conference, but with their agreement in advance that they will abide by whatever decisions the proposed Shtaura meeting will adopt.

Observers said that if the conference does take place it will be a breakthrough which could take the Lebanese situation out of its vicious circle and place the country on the course towards a political solution to the 17-month-old conflict.

Reuter adds from Cairo: President Sadat begins talks to-day with Lebanese Premier Rashid Karami on prospects for ending the civil war.

Mr. Karami flew here yesterday from seeing Syrian leaders and shortly afterwards began talks with Egyptian Premier Mamdouh Salem.

Meanwhile, both sides in the civil war have reported more fighting in the Beirut area, in the eastern mountains and the north.

The Palestinian commandos and the Left have said that they repulsed a right-wing attack against their positions in Mount Sanin in the hill-tops some 25 miles east of here.

UPI adds: Syrian troops are massing on the main highway between Damascus and Beirut, a Right-wing broadcast said to-day.

The report, broadcast over the Phalangist Party's "Voice of Lebanon," said Syrian reinforcements had moved west from the Syrian-held Bekaa Valley towards the front-line town of Sofar, 15 miles east of Beirut, "to keep Syria's option of a military solution open during the next nine days."

S. Korean defence spending up by a third

SEOUL, Sept. 14.

THE SOUTH Korean Government released a 1977 draft budget for yesterday, balanced at Won.2,675bn. ($5.5bn.), to be substituted to the National Asembly by October 1. The Korean fiscal year begins on January 1.

The record budget is 32 per cent. higher than the current year and seems certain to be approved with little change by the Assembly's in which the Government enjoys a big majority.

The biggest expenditure item is for national defence, at Won.925bn.. This is 31 per cent. higher than the current year and amounts to 34 per cent. of the total draft budget.

The biggest revenue item is internal taxes, at Won.1,647bn. This is 61 per cent. of the total revenue and up 35 per cent. on the current year. Another feature of the draft budget is an increased appropriation to give government employees 25 per cent. pay rises.

The new budget envisages a real economic growth rate of 10 per cent, a 10 per cent. increase in wholesale prices and a trade dficit of $1.5bn. on a customs clarance basis.

AP-DJ

Date set for Arab summit

CAIRO, Sept. 14.

A DATE for a proposed Arab summit on Lebanon has been set for October 18, in Cairo, the acting secretary-general of the Arab League, Dr. Sayed Nofal, said here to-day.

A Foreign Ministers' meeting would be held in Cairo on October 14 to prepare for the summit.

Invitations have gone out to the 21 members of the Arab League, he said, adding that he expected the summit to end on October 20.

The summit was agreed on earlier this month in spite of bitter differences among some Arab countries, particularly over the role in Lebanon of Syria, which occupies an estimated 60 per cent. of Lebanese territory.

Reuter

Gandhi warning on 'disruption'

By K. K. Sharma

NEW DELHI, Sept. 14.

THE INDIAN Prime Minister, Mrs. Indira Gandhi, has hinted at the reasons for her decision not to lift the state of emergency.

At a public meeting at Trivandrum, capital of the southern State of Kerala, Mrs. Gandhi said: "Disruptive forces" were still at work in the country trying to destroy what the emergency had achieved and spreading rumours and false propaganda.

She added that those released from detention continue to speak in the same language "as if nothing has changed in India, nothing had changed in the world."

China spurns Soviet bloc

PEKING, Sept. 14.

CHINA HAS rejected condolence messages from Soviet bloc Communist parties, indicating that Mao Tse-tung's death will not bring an early end to its ideological feud with Moscow.

A Foreign Ministry spokesman told Reuters to-day that the messages were unacceptable because the Chinese Communist Party does not have relations with its counterparts in East Europe.

Under Mao, China denounced the Soviet Communists as revisionist and was in dispute with all Warsaw Pact parties except Romania's.

In the past, messages of condolence from the Soviet Union were sent by state bodies such as the presidium, but after Mao's death last Thursday, it was the Central Committee of the party which sent a brief telegram to its opposite number in Peking.

Messages from the Polish, East German Bulgarian, Hungarian, Czechoslovak and Mongolian parties were also rejected and not published in the official Press here.

It was also undertood that condolence messages from pro-Moscow West European Communist Parties had been sent back as unacceptable.

Western diplomats were puzzled by the Soviet bloc action. "The Chinese must have seen it as a challenge . . . Sino-Russian relations in the post-Mao era are off to a typically frosty start," one said

Reuter

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TRANS-PACIFIC AIR TRAFFIC

Japan takes on the U.S.

BY DOUG RAMSEY IN TOKYO

EMBOLDENED by Britain's decision in June to give notice and renegotiate its civil air transport agreement with the United States, Japan is about to sue for a major revision of its own trans-Pacific air agreement with Washington. On October 4 the Japan Civil Aviation Bureau (JCAB) will open what could prove to be critical talks with the American Civil Aeronautics Board (CAB). Listening closely will be Japan Air Lines, Pan American and Northwest Orient Airlines. They now service these lucrative air routes which brought in, for all three, some $880m. (£497m.) in revenue in 1975. On the perimeter there will be lurking several other American carriers, including Continental, Braniff and National, which are angling for transpacific routes of their own.

Japan's negotiators refuse to talk about terminating the U.S.-Japan civil air transport agreement, yet. The Pacific air dispute is in any case a very different creature from that of the Atlantic. Only one Japanese carrier, JAL, flies into the U.S. In the other direction there are three American carriers: Pan Am, Northwest and Flying Tiger, which handles cargo only. The first agreement, in 1952, actually was sealed before JAL began operating international routes. And even the adjustments in 1959, 1965 and 1969 did little to change the initial imbalance in benefits, which weighed heavily in favour of the Americans.

Revenue gap

That imbalance, in Japanese eyes, is gross. Figures tend to confirm that point of view. In 1975, passengers carried by JAL, PanAm and NorthWest were predominantly Japanese: about 60 per cent. of the total, compared with 30 per cent. U.S. nationals. Yet the American airlines's capacity on trans-Pacific routes is 56 per cent. of the total, against 31 per cent. for JAL: and the U.S. carriers actually took 48 per cent. of the predominantly Japanese market, compared with 36 per cent. for JAL.

The gap in revenue between JAL and its American competitors is equally glaring. Counting both cargo and passenger earnings in 1975, the Americans took in $590m. all told, and JAL just under half of that, or $290m. The U.S. airlines (and the CAB in Washington) counter that $135m. of their total is on extension routes beyond Japan in Asia, or so-called "beyond rights" (for example, a flight from San Francisco continuing on to Hong Kong). The JCAB retorts, for its part, that JAL has no beyond rights revenue.

The JCAB will be armed with a mandate to renegotiate three main items, according to a confidential summary prepared by Japan Air Lines on the subject and obtained by the Financial Times this week.

First, Japan wants to get JAL rights to operate on the same routes as American carriers, to include, at the very least, Chicago and Seattle.

Second, the JCAB will ask for equal "beyond" rights, in particular to let JAL fly on to Latin America (notably Brazil) after picking up passengers in the U.S.

Third, "a single airline from each country should be designated to operate each air route, and the capacity to be provided by each airline should be shared equally and should be determined in advance to accommodate the forecast demand." In effect, Japan will be asking for a 50/50 split of the market between JAL and the U.S. airline companies.

Japan also wants to kick U.S. airlines off the Okinawa-Japan route, since Okinawa has now reverted to Japanese ownership and is therefore a domestic destination.

The trend in passenger traffic will be an important card for the JCAB to play, once talks get under way. In the five years to 1975, Americans travelling the Pacific routes each year actually declined by 100,000 (admittedly from an all-time high in 1970, when the World Exposition was held in Osaka). During the same period, conversely, the number of Japanese nationals travelling the Pacific skies increased dramatically. Only 210,000 flew the route in 1970, but by last year some 750,000 Japanese were doing the crossing—more than a 250 per cent. rise.

The Americans reject most of the Japanese arguments by saying, characteristically, that good salesmanship on the part of U.S. carriers, and not an unfair agreement, has preserved the United States' bigger share of what is now a predominantly Japanese market. But without casting aspersions, it is fair to say that PanAm and Northwest have been "selling" their flights in a market tilted in their favour. Even after three revisions, JAL is allowed to serve only seven American cities, excluding from this notably Chicago and all other major cities of the Mid-West. U.S. airlines may fly from 19 points, but in fact only operate 12 routes. Not until 1969 was JAL allowed to fly to New York via Anchorage, and then only in return for full American rights into—and beyond—Osaka.

Capacity levels

Capacity levels are another case in point. After the Second World War, U.S. Airlines had almost nine years' head start on JAL on international routes, and were traditionally in a stronger financial position. So from the beginning, when the time came to negotiate permissible capacity levels on the trans-Pacific routes, the American carriers were at an advantage since the "ex post facto review" method was used (as established under the U.S.-U.K. Bermuda Agreement in 1946), by which past traffic volume was used to determine future capacity. As a result, in 1975 American airlines had almost twice JAL's capacity over the Pacific, divided between two passenger carriers. Even more important, the CAB was allowed to designate any number of U.S. carriers for a single route, or, more usually, a different carrier for a different route.

Japan wants to dump this system, as do Britain, Italy and other countries. Their alternative is a capacity limitation set in advance, and attempting to balance benefits to both countries, known as "predetermination." One of the few yardsticks for determining which airline should carry how many passengers is, of course, the origin of those passengers, to whit, 60 per cent. Japanese. The American CAB itself has used this ethnic argument before, in talks with some European countries where it works in the American airlines' favour. Over the Pacific, the ethnic argument works the other way

The third omission in the original Japan-U.S. treaty is over "beyond rights." The Americans secured these rights beyond Japan from the very start. Japan, after revisions, is allowed to fly from Los Angeles and San Francisco to Latin America, but is not allowed to pick up passengers in the U.S. cities. So the right is virtually worthless, and has never been taken up. Similarly, in 1965, JAL was allowed to fly beyond New York to Europe, but only if the flight is routed through San Francisco, both ways—not over the pole. JAL operated this "round the world" service briefly, but gave it up because the routing was uneconomic (with no Midwest stopover, and intense competition on the transatlantic portion).

PanAm, threw a spanner in the works recently when the airline introduced its Boeing 747SP (special performance) route non-stop New York to Tokyo. The smaller capacity, long-range aircraft have worried both JAL and Northwest, even though it is widely believed that PanAm is operating the route at a loss. The fact is, the route increases the number of seats available to cross the Pacific and cuts into existing load factors for all the airlines.

The U.S. State Department and Japan's foreign ministry have both said they will stay aloof from the talks to revise the civil air transport agreement, but insiders doubt whether it will be possible, if the CAB sticks to its tough line, for the matter to become a focus of economic tension between the two countries. Japan, after all, is suing for equality with the U.S. after years of catching up in spite of overwhelming regulatory obstacles. After Britain's move in June over the transatlantic routes, it will not be hard for Japan to give notice and cancel its agreement with the U.S. altogether, then start from scratch.

HOME NEWS

CBI to unveil next month a policy for recovery

BY ADRIAN HAMILTON

THE Confederation of British Industry is now preparing the final drafts of its wide-ranging Policy for National Recovery Document, to be presented to its council next month for discussion with the full membership over the rest of the year.

The policy document—largely the result of Lord Watkinson's initiative since he became president this year — has developed into a major exercise for the confederation. For the first time it is attempting to set out its full proposals for economic recovery as a single package and to cost them consistently.

The proposals are intended to form the basis for a widespread campaign of public persuasion as well as to influence the Government.

The major objectives are seen as a switch of resources towards productive investment: reduction of inflation rates: and long-term stability of Government policy towards industry.

To achieve them the Confederation believes it will be necessary to restrain monetary supply and reduce public expenditure and the public sector borrowing requirement drastically over the coming years.

While still uncommitted on a final form of inflation restraint it is clearly in favour of further wage restraint in a Phase III programme, but with greater flexibility for productivity and differential payments.

In return it is prepared to accept some degree of price restraint—on the looser basis of margin control rather than individual price applications justified on cost grounds.

Mobile labour

The leadership argues vociferously for lower company and personal taxation and seems prepared to accept higher indirect taxation as a consequence.

On the employment side, the draft documents suggest the need for a wide-reaching policy to promote labour mobility and re-training.

Like the TUC, the CBI wants a return to full employment but it stresses the necessity for greater corporate profitability to promote investment and more efficient use of existing resources to promote exports.

The document urges a halt to nationalisation beyond that already proposed, and maintainance of the current balance of private and state enterprise.

Much of industrial policy, it says, should now be handled within the confines of the tripartite National Economic Development Council and "Little Neddies," and the Government should renounce further intervention.

Inevitably it will be the detail of the CBI's arguments on the possible form of Stage III wage and price control and on the shift from direct to indirect taxation which will arouse the strongest comments, not least from the confederation's own membership.

Already some aspects of the drafts have been changed, including an original call for the Phase III wage norm to be decided in the NEDC. The confederation staff is still hard at work on the figures to back the arguments on tax and reduction in public expenditure.

But the main importance of the document is seen as taking the CBI beyond the position of responding to particular developments with particular arguments to one of taking the initiative in the broader public debate on economic and social policy as a whole.

Optimism over upturn fading in Midlands

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

THE MIDLANDS optimism about an economic upturn in 1977, apparent before the holidays, is evaporating, industrialists in the region are reporting. Export orders are thinning out and taking longer to get.

The movement is not yet strongly identified, but some Confederation of British Industry regional council members have been experiencing a worsening situation this month.

National trends reflected a more optimistic outlook than was being felt in the Midlands, Mr. Tony Green, Regional Council chairman said yesterday.

The extra 1½ per cent. on the Minimum Lending Rate was a "bitter blow" to investment plans. Most companies were going to have to borrow at 15 per cent. or more and few could achieve the sort of return to justify the investment.

The increase in MLR was a potential profit-reducer, since many companies were running overdrafts and there would now be an increase in revenue charges.

Boots opens its biggest store

BOOTS to-morrow opens its biggest department store in Newcastle upon Tyne, with over 200 staff. It has a selling area of 42,700 sq ft spread over three floors. The cost of fittings and fitting out exceeded £1.5m.

The selling area comfortably exceeds the 40,000 sq ft of Boots' store in Victoria Centre, Nottingham, hitherto the company's largest branch

New steel machine for Sheffield

BY ROY HODSON

A NEW concept in special steels production is to be brought to Sheffield, the centre of the industry in Britain, by the Johnson and Firth Brown group.

The company disclosed last night that it is to spend more than £10m. on a precision forging machine in the biggest single investment ever made in a piece of equipment in the Sheffield industry.

The machine, which will be made in Austria by GFM, will be in production by the end of 1978. It and its equipment will cost £9.5m., with associated investment taking the overall cost to more than £10m.

The technique of automatic forging is virtually untried in Britain so far, but it is revolutionising the production of special steel ingots and forgings internationally.

GFM of Styr, Austria, has pioneered the design and manufacture of the large and expensive machines needed to forge special steels to close tolerances by automatic methods.

The first big machine for installation in Britain was ordered earlier this year by Edgar Allen Balfour Steels for its Manchester plant. It will cost the company more than £2m. and will be in production early in 1978.

Firth Brown has now ordered the most powerful automatic forging machine that GFM has contracted to make. It will produce solid or hollow forgings up to 12 metres long from ingots weighing up to 8 tonnes.

The output will be heavily committed to forgings in special steels for applications in the aerospace industry, petrochemicals, oil exploration and production equipment, and other high technology industries which need large forgings in special steels.

While the machine itself will be made in Austria, a large part of the ancillary equipment will be produced in Britain.

Firth Brown intends to finance the project largely from its own resources but there will be some support from the Department of Industry under the regional aid schemes.

Firth Brown recently sold its Manchester wire rod mill for more than £4m., of which £3.5m. was in cash. There was speculation at the time of the sale in July that the money might be put towards an automatic forging machine.

British Steel Corporation is also investing some £3m. in a GFM machine and an associated furnace to manufacture wagon axles at Rotherham.

The advantages of the automatic precision forging method developed by GFM include the ability to pre-programme forgings, high accuracy, good surface finish, labour savings, and close control during manufacturing.

Alloys which are difficult to forge by conventional methods can be forged on the machine. Firth Brown intends to use its machine as a key supply source for special steels and alloys to its divisional companies.

Petrol retailing groups unite

By Our Energy Correspondent

THE TWO main voices of petrol retailing plan to unite to strengthen their position.

The management committee of the Motor Agents' Association and the council of the smaller Petroleum Retailers' Association agreed in principle to the merger at separate meetings yesterday.

There have been lengthy discussions between officers of the two associations. It was agreed that one strong and unified voice was needed on the subject of petrol retailing.

A condition of the merger is that the PRA will have representation on the management and petrol committees of the MAA. The MAA will create a petrol unit with departmental status.

Later this year Mr. Geoffrey Atkinson, the outspoken general secretary of the PRA, will become head of the unit as manager of petrol retailing department.

Hint of new claim for U.K. air fares rise

By Michael Donne, Aerospace Correspondent

THE POSSIBILITY of a further claim for increases in U.K. domestic air fares by next April emerged at a public inquiry in London yesterday.

The airlines were arguing before the Civil Aviation Authority in favour of rises of up to 12½ per cent. from November 1.

But according to Mr. Arnold Heard British Airways European division route licensing manager, it was probable that even with this increase, a further application might be needed in April.

Under the plan for November increases a typical rise would add £2 to the £24 single London-Glasgow/Edinburgh fare.

The airlines' application if granted, would represent the fourth fares increase in two years. It stems from dearer landing fees and fuel costs, and general inflation.

In all ten airlines, flying a wide range of domestic routes, are involved in the bid for higher fares.

When the inquiry began yesterday, Mr. Heard said that the Super-One-Eleven division, which operates from Manchester to London Edinburgh Belfast and Glasgow, would make a profit this year of £371,000 after paying interest.

But this was not healthy enough, and a fares rise was needed to bring a more reasonable profit level this year of £897,000 before interest.

"Without fares increases, we would move into a loss situation before interest in 1977-78, and it is probable that even with it, we might have to come back here again in April for a further increase," he said.

On the Manchester-Belfast route alone, the profit for this year would be only £87,000 after paying interest, and even with the new fares, the forecast profit was only £109,000.

The airlines involved in the bid for dearer fares are Air Anglia, Aurigny Air Services, British Airways, British Caledonian, British Island Airways, British Midland, Brymon Aviation Dan-Air, Intra Airways and Loganair.

Objections to the rises have been lodged by the Isle of Man Tourist Board, the Northern Ireland Tourist Board and the Shetlands Islands Council. The hearing continues to-day.

Warning on drug ignorance

THE health education service does not know what adverse effects some drugs have on patients, a pharmacy professor warned yesterday.

Professor Peter Paris, head of the Welsh School of Pharmacy and a doctor, told the Pharmaceutical Society's annual conference at St. Andrews: "What we need is a drug expert who can advise physicians. The obvious person is the pharmacist."

He called for pressure to stop ancillaries in doctors' clinics writing out prescriptions, particularly repeat prescriptions, without the doctor having seen the patient.

£5,000 bracelet

In a sale of jewellery at Phillips which totalled £68,040, Dobrich paid £5,000 for a diamond bracelet, estimate £3,000. A sale of furniture realised £35,443.

Big rise in demand for commercial vehicles

BY OUR INDUSTRIAL STAFF

A MAJOR increase in demand for commercial vehicles is shown in figures published by the Society of Motor Manufacturers and Traders to-day.

Sales last month, at 20,730, were 13.5 per cent. higher than the level 12 months earlier.

Steady improvement in demand has occurred over recent months from the extremely depressed levels earlier in the year, but the August figures are the first to show that the industry is really beginning to benefit from the improvement in the economy.

Imports over the first eight months of the year, at 13.3 per cent., compared with 11.7 per cent. in the equivalent period of 1975, have taken a larger share of the home market.

However, this is a return to more normal levels of import penetration from last year when British manufacturers were particularly successful in meeting foreign competition.

Domestic manufacturers, confronted with a depressed home market earlier this year, have switched efforts to exports.

Other statistics released by the society to-day show that in the first six months of the year, U.K. companies for the first time sold more vehicles overseas (105,000) than to the home market (95,000).

The August upswing in the U.K. sales applied to all categories of commercial vehicle. Light van and pickup registrations rose 18 per cent. to 7,344, other goods vehicles up to 3½ tons by 15.7 per cent. to 8,457; and trucks over 3.5 tons by 4 per cent. to 4,929.

Ford was the overall market leader with 31.5 per cent., Leyland had 27.9 per cent., Bedford 17.1 per cent., and Chrysler 6.2 per cent. (including French and Spanish models).

AUGUST REGISTRATIONS OF NEW GOODS VEHICLES IN THE U.K.

	Cars-derived vans and pick-ups 1976	1975	Other goods vehicles up to 3½ tons 1976	1975	All other goods vehicles 1976	1975
Total British	6,107	5,469	7,063	5,926	4,178	4,303
Total imported	1,237	746	1,394	1,384	751	430
Grand total	7,344	6,215	8,457	7,310	4,929	4,733

Callaghan rejects textile curb plea

BY OUR INDUSTRIAL STAFF

A PLEA by Lancashire textile leaders for temporary restrictions on imports of coarse count cotton yarn and fabric, has been rejected by Mr. James Callaghan, Prime Minister.

The decision was a serious blow to the industry and could lead to the extension of short-time working and more redundancies, Mr. Edmund Gartside, president of the British Textile Employers' Association, warned last night.

Up to 2,000 workers were on short time and about 14,000 jobs were being placed at risk by imports which had increased by 50 per cent. in the first six months of this year.

Mr. Gartside said the Prime Minister had refused by letter the association's request for urgent talks about temporary import controls. Mr. Callaghan's attitude was that any such action by the U.K. would prejudice forthcoming talks on the re-negotiation of the multi-fibre arrangement which regulates world trade in textiles.

Mr. Gartside insisted that there was ample precedent for the Government to take action. It could strain further increases in coarse yarn and fabric imports under general rules of the General Agreement on Tariffs and Trade.

The association had the full backing of unions in the industry and would continue to press its case. An application might be made to the Government for imposition of a countervailing duty.

Mr. Gartside said that the sector could be completely wiped out unless the Government intervened to restrict imports. Manufacturers of coarse types of yarn—used in sheetings, corduroys, denim and furnishings—were down from 56 about 10 years ago to 12.

The import problem has been been exacerbated by a fall in demand caused by higher cotton prices and a summer lull in trade. The increase in imports is the result of countries under quota restrictions, such as India, Pakistan and Hong Kong, making full use of their quotas. Other countries outside the quota system have expanded their sales to the U.K.

The association says that quota levels are unacceptably high, with importers having about 70 per cent. of the market in cotton-type yarns and fabric

Education policy change sought

By Michael Dixon, Education Correspondent

THE National Union of Teachers has asked for an early meeting with Mrs. Shirley Williams, new Education Secretary to "secure a change in Government policy where education is concerned," said Mr. Fred Jarvis, union general secretary.

The union—which wants the training of teachers to be maintained at a high level and extra public money to be provided to employ them—believed the education service was facing its biggest crisis since the 1930s. Action by Mrs. Williams to restore morale would have the union's strongest support.

Scots consumer protests plea

SCOTSMEN are slow to complain, and traders should therefore recognise the urgency of the situation when they are driven to protest, the Scottish Consumers' Council said yesterday.

The council, set up a year ago, said its first year's work had shown that public tolerance should not be treated complacently.

"Levels of expectation in Scotland are too low, and consumers tend to put up with poor goods and service," Mrs. Joan Mac... the council's chairman, decl...

New big gun trials soon

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

EUROPE'S first multi-national artillery weapon, the Anglo-West German-Italian FH-70 155 mm. field howitzer, has now completed its development, and international acceptance trials will be held at the Royal School of Artillery, Larkhill, Wiltshire, next week.

The FH-70 began as a U.K.-West German venture in 1966, with Italy joining in 1969. All three countries will share in production of the weapon, which will be built in quantity.

The gun is a towed artillery-piece, although it also has an auxiliary engine that gives it independent mobility for deployment on the gun position. It weighs over 9 tonnes and is capable of rapid all-round traverse. It can fire a rocket-assisted shell over a distance of 30 kilometres (19 miles).

In the U.K., Vickers has been the principal industrial contractor, while in Germany Rheinmetall GmbH has also been involved, working with the U.K. Royal Armament Research and Development Establishment and the West German Bundesamt für Wehrtechnik und Beschaffung.

Clashes likely over London council housing policy

BY DONALD MACLEAN

CLASHES over council housing policy in London are likely this week following the publication yesterday of a pamphlet on housing by Mr. Richard Balfe, chairman of the Greater London Council Housing Development Committee.

Among Mr. Balfe's proposals is one that tenants who have paid rent to local authorities for many years should receive financial benefits of a kind that would put them into a rent free position similar to that of owner-occupiers, most of whom would have paid off their mortgages by the time they retired.

"Retired tenants should live rent free," he says. Taking local government reimbursement by Central Government into account, he argues the cost to the GLC would be £9m. if the scheme involved all pensioner tenants, and £7m if it involved all those who had held their property for 35 years or more.

Other of his proposals include lump sum payments to families buying their own homes, and "massive expansion" of the GLC direct works departments to make them compete "cheaply and efficiently with the private sector for building and maintenance contracts."

One clash over Mr. Balfe's ideas seems likely to take place on Saturday at a London Labour Party meeting aimed at helping to draw up the party's manifesto for the 1977 GLC elections.

Mr. Balfe retired from the membership of a working party set up this year to consider housing as an election issue. The working party's report also comes up for consideration on Saturday.

It says that the GLC should become "a building society in its own right," lending to "everybody." Until such a position was achieved, "the building societies should be obliged by Government to channel a proportion of their funds into authority home loans sche...

At the same time, it says "the greenfield boroughs of stockbroker belt" should ... a contribution to the pu... housing stock. The group ac... that the GLC should set up ... independent direct labour fo... which can beat any pri... builder for efficiency and ... cost."

Any costs above those ... management and maint... in respect of council house... maintains, should be borne ... ratepayers and taxpayers ... gether, not by tenants alone.

Ahead of Saturday's mee... of the London Labour Pa... however, Mr. Balfe's ideas, se... likely, though put forward in ... personal capacity, to be chal... lenged by the Conservative opposition during to-morrow's meeting of the GLC housing development committee which Mr. Balfe will chair.

هكذا من الأهل

COMPANY NOTICES

Redemption Notice

ELECTRICITY SUPPLY COMMISSION
(South Africa)

Guaranteed Floating Rate Notes Due 1982

NOTICE IS HEREBY GIVEN that there has been selected by lot for redemption on September 30, 1976, and on that date ELECTRICITY SUPPLY COMMISSION will redeem through operation of the Sinking Fund, at 100% of the principal amount thereof together with interest accrued to September 30, 1976, U.S.$970,000 principal amount of Notes of the issue above-designated, bearing the following serial numbers:

Note Numbers M Series (in principal amount of $1,000 to be redeemed in whole)

M 5 39 72 107 138 175 217 247 283 315 364 396 423 456 489 521 554 588 622 656 691 722 758 792 826 859 893 928 960 984 1024 1059 1093 1126 1158 1189 1224 1256 1288 1321 1355 1387 1420 1451 1485 1517 1548 1582 1615 1649 1681 1716 1750 1783 1818 1853 1884 1917

Note Numbers X Series (the principal amount of each Note to be redeemed appears after the number of such Note.)

X 7...$5,000	13...$4,000	20...$3,000	26...$4,000	31...$4,000	39...$3,000
45...4,000	53...4,000	59...3,000	67...2,000	73...5,000	80...3,000
87...2,000	[illegible]...3,000	100...4,000	108...2,000	119...3,000	129...3,000
141...4,000	154...3,000	166...2,000	175...4,000	184...5,000	194...3,000
209...4,000	225...4,000	240...2,000	261...3,000	269...3,000	281...5,000
293...2,000	305...2,000	322...3,000	336...3,000	349...2,000	363...4,000
377...2,000	393...3,000	405...3,000	418...3,000	429...2,000	448...2,000
462...4,000	478...3,000	486...3,000	496...3,000	510...3,000	523...2,000
542...5,000	553...5,000	564...4,000	579...4,000	595...3,000	607...2,000
621...2,000	632...2,000	649...3,000	654...2,000	666...3,000	676...3,000
685...4,000	696...2,000	706...4,000	713...4,000	724...2,000	737...2,000
755...3,000	765...4,000	776...2,000	789...2,000	800...2,000	810...3,000
824...3,000	834...3,000	842...3,000	848...4,000	855...4,000	864...5,000
872...5,000	883...3,000	890...4,000	902...5,000	909...4,000	916...3,000
924...4,000	931...3,000	939...2,000			

Note Numbers C Series (the principal amount of each Note to be redeemed appears after the number of such Note.)

C 1...$1,000	2...$2,000	3...$6,000	4...$7,000	5...$3,000	6...$2,000
7...2,000	8...3,000	9...1,000	10...2,000	11...2,000	12...4,000
13...1,000	14...1,000	15...4,000	16...2,000	17...1,000	18...7,000
19...2,000	20...3,000	21...3,000	22...3,000	23...3,000	24...5,000
25...1,000	26...1,000	27...1,000	28...2,000	29...2,000	30...3,000
31...7,000	32...5,000	33...3,000	34...2,000	35...5,000	36...1,000
38...3,000	39...3,000	40...2,000	41...6,000	42...2,000	43...4,000
44...5,000	45...1,000	46...7,000	47...6,000	48...2,000	49...4,000
50...5,000	51...3,000	52...4,000	53...2,000	54...2,000	55...2,000
56...4,000	57...2,000	58...3,000	59...3,000	60...1,000	61...4,000
62...3,000	63...2,000	64...3,000	65...7,000	66...3,000	67...2,000
68...3,000	70...3,000	71...5,000	72...1,000	73...2,000	74...2,000
75...4,000	76...2,000	77...4,000	78...2,000	79...2,000	80...4,000
81...1,000	104...7,000	106...3,000	107...4,000	108...3,000	110...5,000
111...4,000	112...4,000	113...3,000	114...6,000	115...2,000	116...3,000
117...4,000	118...4,000	119...2,000	120...3,000	121...1,000	122...1,000
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

On September 30, 1976 the principal amount of each of the above listed Notes or portions thereof together with interest accrued thereto to such date will become due and payable in U.S. Dollars at the option of the bearer thereof or, in the case such Note is registered as to principal, of the registered owner thereof, either (a) at Citibank, N.A., Receive & Deliver Department, 111 Wall Street, 2nd Floor, New York, N.Y. 10015, or (b) subject to applicable laws and regulations, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London and Paris, the main office of Citibank (Belgium) S.A., in Brussels or the main office of Citibank (Luxembourg) S.A. in Luxembourg.

Notes surrendered for redemption should have attached all unmatured coupons appertaining thereto.

From and after September 30, 1976 interest will cease to accrue on the Notes (or portions thereof) herein designated for redemption, and coupons appertaining to such Notes maturing subsequent to September 30, 1976 will be void as to the principal amount called for redemption.

For ELECTRICITY SUPPLY COMMISSION
August 30, 1976

By CITIBANK, N.A.
Fiscal Agent

Bearer Depositary Receipts representing Common Stock of

ASAHI CHEMICAL INDUSTRY CO. LTD.

A 10% stock dividend has been declared payable as from September 20 until December 17, 1976 upon presentation of coupon No. 5 at the Offices of the following depositaries: Morgan Guaranty Trust Co. of New York: Brussels, 35, avenue des Arts; London, Lombard Street 33; Paris, Place Vendôme, 14; Frankfurt Main, Bockenheimer Landstrasse, 8. Banca Morgan Vonwiller S.P.A., Via Armorari, 14, Milan. Bank Mees & Hope N.V., Herengracht 548, Amsterdam. Banque Générale du Luxembourg, 27, avenue Monterey, Luxembourg against payment of Yens 7.5 per common share representing 15% Japanese withholding tax.

GRANGES AB
THE GRANGESBERG COMPANY
6¼% Loan 1967

S. G. WARBURG & CO. LTD. announce that Bonds for U.S.$900,000 nominal value have been purchased for redemption on 15th October, 1976.

30, Gresham Street, London, EC2P 2EB.

15th September, 1976.

SPANISH 4½% EXTERNAL LOAN
(1974 ISSUE)

The coupons due 1st October 1976 can be presented for PAYMENT at Banco Español en Londres, S.A., 60 London Wall, London EC2 between the hours of 10.00 a.m. and 2.00 p.m.

London,
15th September, 1976.
BANCO ESPAÑOL EN LONDRES, S.A.

JARDINE, MATHESON AND CO., LIMITED

7½% CONVERTIBLE SUBORDINATED UNSECURED LOAN STOCK 1990 ("LOAN STOCK")

Holders of Loan Stock in its partly paid form are again reminded that unless the payment of HK$50 per HK$100 nominal of Loan Stock due by 30th June 1976 has been made by 3 p.m. (Hong Kong time) on Friday, 17th September 1976 such partly paid Loan Stock will be cancelled and the amount paid up thereon forfeited.

Payment must be made in Hong Kong Dollars, together with interest at the rate of HK cents 18 per day (from 30th June 1976 to the date of payment) per HK$1,000 nominal of Loan Stock, to Central Registration Hong Kong Limited, 1st Floor, Gammon House, 12 Harcourt Road, Hong Kong. Certificates for the partly paid Loan Stock must be lodged with Central Registration Hong Kong Limited at the time of payment.

Jardine, Matheson and Co., Ltd.
C. W. Young,
Company Secretary.

NOTICE TO THE BONDHOLDERS OF ASIA NAVIGATION INTERNATIONAL LIMITED, BERMUDA

NOTICE IS HEREBY GIVEN that the REGISTER of Members of Eastern Asia Navigation Company Limited, 21st Floor, Prince's Building, Hongkong will be CLOSED from 2nd October to 11th October, 1976, both days inclusive, during which period the 6½ per cent Convertible Guaranteed Bonds 1989 issued by Asia Navigation International Limited, Bermuda, on 8th March, 1974 will not be convertible into fully paid registered Ordinary Shares of Eastern Asia Navigation Company Limited.

15th September, 1976.

ANNOUNCEMENT

WORLD INTERNATIONAL (HOLDINGS) LIMITED
(Formerly The Loan and Investment Company Limited)
21st Floor, Prince's Building, Hong Kong

ANNOUNCEMENT

The Company is pleased to announce that with effect from 10th September, 1976 the name of the Company has, with the approval of the Registrar of Companies, been changed from The Loan and Investment Company Limited to World International (Holdings) Limited. The Registered Office of the Company remains the same and all existing rights and obligations of and contracts with the Company are unaffected. Shareholders are advised that no amendment to their Share Certificates is required.

LEGAL NOTICES

No. 002779 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FRAMUS (MUSICAL INSTRUMENTS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 10th day of August 1976, presented to the said Court by ANTHONY PACKER of 23, West Chancellor Drive, Glasgow, Scotland—Accountant Salesman, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 11th day of October 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

FIELD FISHER & MARTINEAU,
Lincoln House,
296 302, High Holborn,
London, WC1V 7JL.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 8th day of October 1976.

In the matter of the Companies Act 1948 and In the matter of D.C. Produce Sales (London) Limited

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required on or before the 30th September 1976, being the day for that purpose fixed by the undersigned, Hyman Freedman Chartered Accountant of Hyman Freedman and Co., Ashbourne House, Alberon Gardens, Finchley Road, London NW11 0AE, the Liquidator of the said Company, to send their names, addresses and particulars of their debts or claims, and the names and addresses of their Solicitors (if any) to the undersigned, and if so required, by notice in writing from the said Liquidator, are by their Solicitors or personally to come in and prove their said debts or claims, and to establish any title they may have to priority, at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved, or such priority is established, as the case may be, from objecting to such distribution.

Dated this 7th day of September 1976
HYMAN FREEDMAN F.C.C.A., F.T.I.I.
Liquidator.

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HOME NEWS

Healey forecasts fast fall in unemployment

BY PETER HENNESSY, LOBBY CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, predicted last night that unemployment would soon fall "quite fast."

He said in Redbridge the most dangerous period in the economic cycle was reached when production had been gathering speed for many months but employment had not yet started to fall.

The economy was now at that stage.

The present unemployment figure of 1½m. was "quite intolerable," but the Government must not lose its nerve and flood the country with money in an attempt to reduce it. That would only result in a complete seizure of the economy, a huge balance of payments deficit and rocketing inflation followed by mass unemployment.

"It is because we have steadfastly resisted the temptation to panic that the strains have now reached their peak. It would be incredible if it were not so."

Mr. Healey based his optimism about a reduction in unemployment on evidence that there had already been a massive cut in short-time working and most employers expected to take on more people soon.

In an attack on the decision of Labour's Home Policy Committee on Monday night to frame a resolution, critical of the Government's economy strategy, for the party conference later this month, the Chancellor warned there was a danger of re-opening the rift between the unions and the Labour Government which had cost it the General Election in 1970.

Depressing

It was particularly important to avoid this when the TUC was using its influence with the seamen to prevent a disastrous strike.

In an attack on Mrs. Barbara Castle, who framed the controversial "In Place of Strife" White Paper which outraged the Trade Unions in 1969, Mr. Healey said: "It is depressing to see that some of those who played a leading role in the tragedy of 1970 have learned so little from that experience that they can find nothing better to do to-day than to try to drive wedges between the Labour Government and the trade union movement."

Mrs. Castle continued her campaign against the Government's economic policy yesterday. In a *BBC radio interview she said* the proposed spending cuts would increase unemployment. Far from making room for economic growth they would reduce it.

"They are really a presentational thing for the purpose of high financiers. They are not really dictated by the economic needs of this country," she said.

'Oil-rig blow-outs must be expected'

BY RAY DAFTER, ENERGY CORRESPONDENT

THERE IS a 50-50 chance of more than one offshore oil platform or drilling rig being hit by a "blow-out" by 1981, according to a Government report published yesterday.

It is also forecast that in 1981 clean-up organisations will be called out three or four times to deal with tanker spills, of which one or two are likely to be greater than 135 tonnes. In addition, there could be four or five platform or pipeline spills of more than 135 tonnes.

The figures are given to indicate the risks of future oil spills at sea following a study of Britain's prevention and cleansing measures.

The central objective of a clean-up policy, says the report*, should be the establishment of a capacity to protect most U.K. shores from pollution and to minimise harm to wildlife, particularly sea birds, to fisheries, and to beaches. When there was no significant threat of such damage, oil spills should be left to degrade and disperse naturally.

The report concludes that the present organisation for dealing with spills is broadly satisfactory, but that it should be kept under review. No fundamental changes were needed in the allocation of responsibilities. The Department of Trade should continue to deal with spills from tankers, and *industry should continue to take* responsibility for the clean-up of spills which occurred during offshore operations.

Mr. Peter Shore, Environment Secretary, has invited comments on the report.

● *Eight new safety zones* surrounding offshore platforms and mooring systems have been designated by the Department of Energy. Shipping is forbidden to sail within 500 metres of the installations without permission.

The structures are: Total's pipeline booster platform on the Frigg Field, Occidental's Claymore platform, Shell/Esso's Brent A and D platforms and spar loading system, Mobil's single point mooring on the Beryl Field, and Amoco's two single-buoy mooring structures on the Montrose Field.

* *Accidental Oil Pollution of the Sea; Pollution Paper No. 8, Central Unit on Environmental Pollution, Department of the Environment; SO, £2.05.*

'More building jobs at risk'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A WARNING that unemployment in the construction industry—now standing at over 200,000—*could rise even further came* from the National Federation of Building Trades Employers yesterday.

Mr. Frank Gostling, junior vice-president of the federation, warned that the whole structure of the U.K. construction industry was being threatened by low workloads.

The "grim facts" were compounded by the recent public expenditure curbs which had cut the building programme by at least £300m.

Public sector housing, in particular, was to be cut back substantially, depriving builders of the one major growth sector in the industry.

The *short-lived recovery in the* private housing sector looked like petering out next year under various pressures.

These were uncertain demand because of the restrictions on incomes imposed by the counter-inflation strategy, mortgage availability problems and a developing crisis over land supplies caused mainly by the effects of the Government's land legislation.

Unless some "significant and early changes" were made in policy, the industry would not be able to meet the demands made on it as a result of the Government's industrial regeneration strategy.

The federation has put a programme *of measures to Mr. Peter* Shore, Environment Secretary, designed to increase the construction *sector's* workload without increasing public expenditure.

Among priorities are an easing *of company taxation, action to* stimulate private house-building and the private rented sector, and measures to cut planning delays.

The builders also want to see the end of local authority direct works departments which they claim are inefficient and costly to ratepayers.

Double-decker bus trials may lead to U.S. orders

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE LEYLAND Truck and Bus Group is hoping to capture substantial U.S. licensing contracts as a result of the *New York* double-deck bus trials which started yesterday.

These trials, part of a long-term U.S investigation on mass transit methods, involve eight Atlantean buses similar to those in service in the U.K. The vehicles, *acquired by the New* York Metropolitan Transit Authority, for about $500,000, are going into regular service on the Fifth Avenue and Broadway routes.

Leyland is the only manu*facturer to put double-decker* buses on trial in New York, although a German concern, Neoplan, has supplied some vehicles to San Francisco.

Earlier in the process of investigating new transport *systems, Leyland provided tech*nical help to U.S manufacturers on some new single-deck city bus programmes.

If the double-deckers prove a success in New York, Leyland believes that there may be considerable opportunity for selling its technology to U.S. manufacturers. It is unlikely, the company argues, that it will be able to export the vehicles direct.

New York used to run double-deckers of American design until the early 1950s, but since then, it has been suggested, road systems have changed so much that the vehicles will now be difficult to operate.

Air conditioning

On certain routes they will not be able to pass under bridges and the city authorities have had to lop trees and raise the cable-suspended traffic lights to accommodate the higher vehicles.

However, Leyland says it could supply lower vehicles, cutting about one foot from the present 14 feet 5 inches of the Atlantean if necessary.

The *New York bus programme*, delayed for about nine months because of specification problems, has given Leyland useful experience in double-decker bus air conditioning. The buses will be the first double-deckers ever *to be fitted with air conditioning.*

More house building work started in July

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE NUMBER of houses on which building work started in July was slightly higher than provisional estimates had indicated, according to final figures *released yesterday by the* Department of the Environment.

DoE statistics show that work began on a total of 32,100 homes in July against the earlier estimate of 31,500. The figure remained well down on the June total of 34,800 but compared favourably with earlier monthly totals for 1976.

According to the DoE, total housing starts during the May-July period were 2 per cent. down on the previous three months but 10 per cent. higher than in the same quarter of 1975.

The number of public sector starts in July totalled 17,500, a fall of 100 from June, while 14,600 private homes entered the construction stage against 17,200 *in the previous month.*

Completions in July totalled 26,600, a rise of 100 over the original estimate but still 1,200 down on the June figure. Council housing completions reached 14,200 against 13,900 in June but only 12,400 private homes were finished, a fall of 1,600 from the previous month's total.

The DoE calculates that total housing completions in the May-July quarter were 3 per cent. down on the previous three months but unchanged when compared with a year earlier.

Two-tier local government 'disaster'

THE Scottish National Party yesterday called for all-party agreement on abolishing the top tier of Scottish local government, set up 18 months ago.

Mrs. Margo MacDonald, SNP senior vice-chairman, said in Glasgow there was broad consensus of opinion now that *the two-tier system of local* government had been a costly disaster.

She was going to write to other political parties suggesting that a commission be established to oversee the transition *to a single-tier system.*

"Despite the decline in local government services in recent years, we now have 40,000 more local government employees than four years ago and, even allowing for inflation, the system now costs £92m. a year more than before reorganisation."

The Government should announce plans now for abandoning the 1977 regional elections.

Mrs. MacDonald's letter is likely to be given short shrift by other parties. The Conservatives are sympathetic to pruning local government in Scotland, but are not likely to agree to co-operate with the SNP to do it and probably would prefer to see the matter left until the devolution question has been resolved.

Many councils not using empty houses—Shelter

MANY local councils are ignoring Government suggestions that they should make maximum use of empty houses, according to a *report from Shelter.*

A survey of 100 local authorities, the results of which were disclosed yesterday to delegates assembling for the Liberal Party Assembly in Llandudno, shows that only 11 per cent. of *councils have made agreements* with private owners for short-term use of houses which would otherwise stay empty.

Only 42 per cent. of local authorities were levying rates on empty homes, and 36 per cent. were encouraging lodgers in council houses.

Just 6 per cent. of the councils surveyed had allowed voluntary organisations to use empty houses awaiting demolition.

Launching the report, Mr. Jim Winter, of Shelter, said that such "blatant disregard" of Government policy *could only* aggravate the plight of the homeless.

"A quarter of a million houses have been standing empty for over six months. A quarter of a million families are grossly over-crowded or literally homeless. *The untapped reservoir of* empty homes should be used to reduce the suffering of the homeless."

The report calls on the Government to grant local councils the power to requisition houses left "*needlessly*" *empty for over six* months; to introduce mandatory penal ratings on such houses; and to encourage lodgers in under-occupied council houses.

Benefits fraud claimed by MP

AN MP waging a campaign against social security abuse said yesterday: "My analysis of the thousands of cases that have come my way indicates that the waste and fraud is even worse than I suspected."

Mr. Iain Sproat, Conservative MP for South Aberdeenshire, said he was preparing a dossier *of cases and by the time Parlia*ment resumed next month he hoped to have a set of constructive proposals to put to the Government "to end this scandal."

Instant coffee 'up a third'

By our Consumer Affairs Correspondent

INSTANT coffee prices could go up by as much as a third over the next few months, the British *Soluble Coffee Manufacturers'* Association warned yesterday. At the least, the association said, the price of a 4-ounce jar selling at 60p would increase to 77p by early next year. At worst it could go up to 82p.

Major manufacturers have applied for price rises which will add another 12p to the retail price in November. This is on top of the 20p advance in the last 12 months.

The increases are almost entirely attributable to trebling of the cost of coffee beans over the last year which is the result of natural disasters and political problems around the world. The prime reason is Brazil's frost in July last year, which reduced the country's coffee harvest by 73 per cent., and the subsequent drought there.

On top of this have come the effects of other natural disasters such as earthquakes in Guatemala and floods in Colombia. The civil war in Angola disrupted supplies and more problems were created by difficulties in getting coffee out of Uganda, which normally provides Britain with nearly 40 per cent. of its needs.

With the market price of coffee still near the record of £1,632 a ton coffee manufacturers said yesterday that there was little prospect of a genuine fall in prices for some time.

Darlington bid to keep quiet

Britain's first Quiet Town experiment is to be launched in Darlington on Monday.

It is sponsored by the Noise *Advisory Council* with the co-operation of Darlington Borough Council.

Over the next two years, an intensive campaign of publicity and education will be mounted in Darlington, aimed at reducing unnecessary noise wherever it occurs—in the factory, on the street or over the garden fence.

The Noise Advisory Council hopes the experiment will suggest low-cost solutions to noise problems that can be applied nationally. Newcastle Polytechnic has just completed a survey of the public's current attitude to noise in Darlington and will carry out a review in two years to see what changes, if any, have occurred.

Heath urges referendum on Scottish 'home rule'

BY PETER HENNESSY, LOBBY CORRESPONDENT

MR. EDWARD HEATH, former Conservative Prime Minister, last night called for the issue of separatism to be put to the Scottish people in a referendum.

He told a dinner in Peterhead this would settle the issue once and for all. The question to be put — to the Scots but to no-one else in the U.K. — would be:

"Do you wish to break away from the U.K. and become a separate, independent State, or do you wish to remain within *the U.K. on the basis of the form of devolution offered?*"

Devolution involved a major constitutional change. Both major parties were divided over it.

"The Prime Minister should now approach Mrs. Thatcher, with an invitation to her and the Conservative Party to discuss in what form these commitments (to devolution) should be honoured in the interests of the nation as a whole.

"*The Leader of the Liberal* party should be included in these discussions, should he so wish.

"Surely it must be right for this great question to be considered calmly, away from the routine actions and reactions of party warfare."

Top transport appointment

MR. PETER BALDWIN was yesterday appointed Permanent Secretary at the new Department of Transport. He was second permanent secretary at the Department of the Environment until its disbanding last Friday.

Export volume gains ground

EXPORT VOLUME last month recovered some of the sharp fall in July, but it is still well below the average level of the second quarter. Otherwise, the improvement in the visible deficit in August is explained to a large extent by a drop in import volume, associated with the absence of large imports of North Sea oil rigs and installations and by a further rise in export prices.

This is reflected in an improvement in the terms of trade—the ratio of export prices to import prices—which are now back to the level before the fall in sterling between March and June. Exporting companies have held their prices much firmer in terms of foreign currency in order to boost profit margins, in contrast with previous depreciations.

BALANCE OF TRADE

		Exports £m. seasonally adjusted	Imports £m. seasonally adjusted	Exports Volume seasonally adjusted 1970=100	Imports Volume seasonally adjusted 1970=100	Terms of trade *Unadjusted 1970=100	Oil balance £m.
1974							
	1st	3,481	4,778	126.7	133.9	75.5	−730
	2nd	4,007	5,373	134.0	137.5	73.1	−889
	3rd	4,222	5,475	133.4	136.4	74.9	−897
	4th	4,185	5,533	126.5	133.0	75.9	−906
1975							
	1st	4,532	5,382	128.9	125.4	76.9	−766
	2nd	4,479	5,160	122.6	122.2	80.2	−689
	3rd	4,635	5,621	120.0	127.4	81.8	−795
	4th	5,126	5,809	128.3	127.2	80.7	−864
1976							
	1st	5,420	5,893	131.6	124.0	81.1	−959
	2nd	5,992	7,032	137.1	137.1	79.8	−967
	April	1,922	2,237	134.8	134.0	80.0	−336
	May	2,009	2,383	138.2	139.7	79.5	−320
	June	2,061	2,412	138.4	137.7	79.8	−319
	July	1,955	2,482	129.8	140.0	79.5	−370
	August	2,040	2,331	132.3	131.7	80.8	−320

* The ratio of export prices to import prices.

U.S. $15,000,000.

MITSUBISHI CORPORATION
(Mitsubishi Shoji Kaisha, Ltd.)

7½% Convertible Debentures Due 1985

NOTICE

I, Takematsu Kato, a Representative Director of Mitsubishi Corporation (Mitsubishi Shoji Kaisha, Ltd.) (the Company) hereby give notice as follows pursuant to Section 4.01(K) of the Indenture dated as of October 31, 1970 between the Company and Morgan Guaranty Trust Company of New York, as Trustee, relating to the above mentioned issue:

1. At its meeting held on 25th August 1976, the Board of Directors of the Company resolved to issue to shareholders of record on the date hereinafter specified a free share distribution at the rate of one share for each 20 shares held.
2. The record date in Japan is 30th September, 1976 and the corresponding date in New York City, London and Luxembourg is 29th September, 1976. The aforesaid free share distribution will result in an adjustment of the conversion price of the debentures, such adjustment to become effective as from 1st October, 1976, the corresponding date in New York City, London and Luxembourg being 30th September, 1976.
3. The conversion price in effect on the date hereof is 115.00 Japanese Yen per share of common stock and the price which will result, pursuant to Section 4.04 of the Indenture, after giving effect to the aforesaid free distribution, will be 109.50 Japanese Yen per share of common stock.
4. The aforesaid adjustment to the conversion price is being made in accordance with the provisions of Section 4.04(A) of the Indenture. The adjusted conversion price will be in effect only on 30th September, 1976 New York City, London and Luxembourg time, inasmuch as the Company is calling on such date all Debentures outstanding as of such date.

MITSUBISHI CORPORATION
(Mitsubishi Shoji Kaisha, Ltd.)
TAKEMATSU KATO
Representative Director

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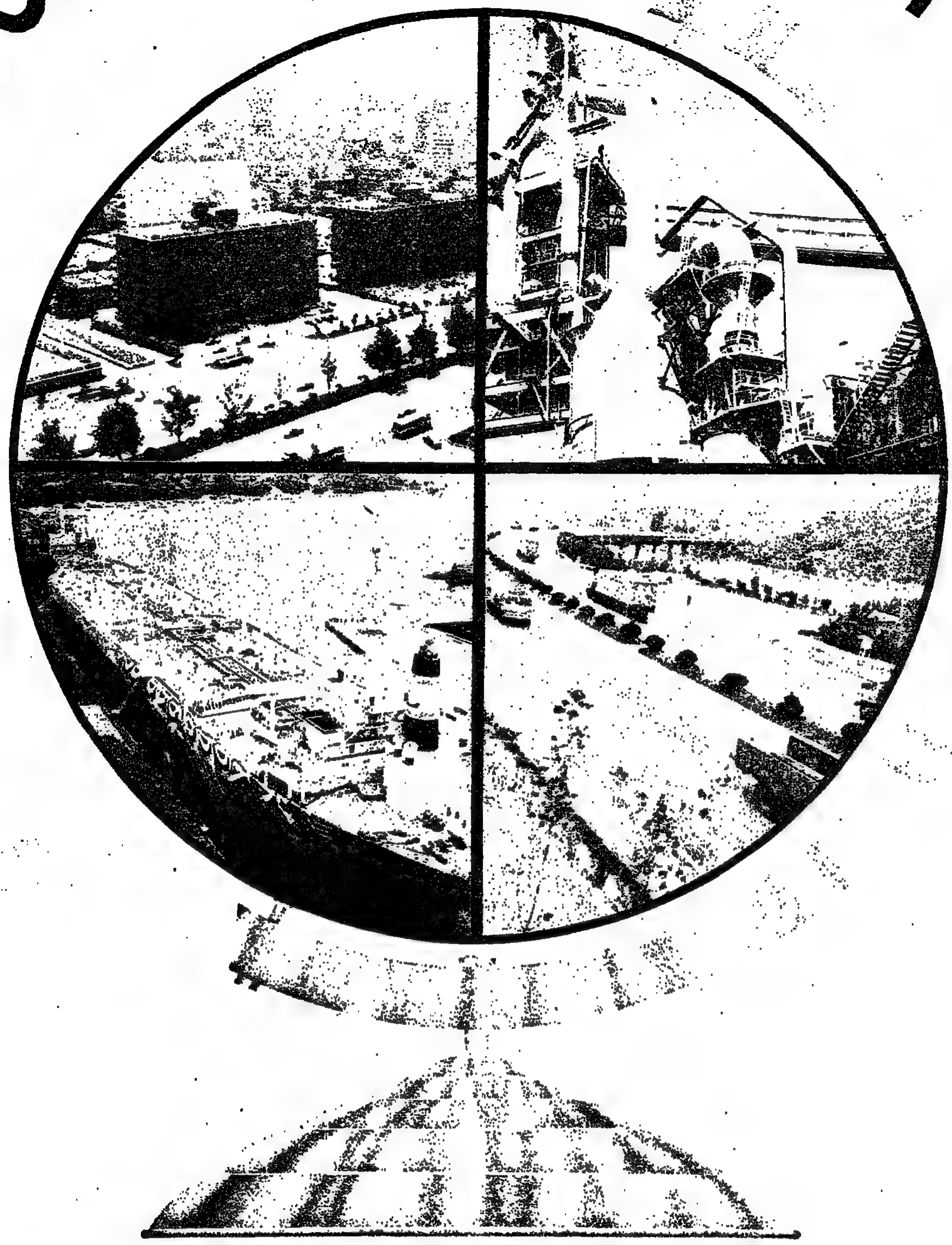

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Slater Walker reports summarised by Keith Lewis, City Staff

Bank of England backing saved group

£70m. loan facility made available

SLATER WALKER Securities' explanatory circular and annual report and accounts for 1975, despatched to shareholders yesterday, reveal that the Bank of England stepped in with major financial support after the abrupt resignation of the former chairman, Mr. Jim Slater, last October.

To fend off threats to confidence, and to enable the group to continue while independent accountants carried out a lengthy scrutiny of the group's assets, the Bank of England made available a loan facility up to £70m.

It also offered to guarantee £40m. of the Slater Walker bank's loan book against bad debt losses, a move without which the accountants consider the bank would have been insolvent at the time and the group unable to continue.

Criticisms

The documents also show that *the accountants—Peat Marwick* Mitchell and Price Waterhouse —recommended that major provisions totalling £66.1m. should be made against four main divisions of the group's business, and made sharp criticisms of the way in which the lending business had been conducted. The provisions recommended were: banking division (loans and advances, excluding loans to Haw Par), £39.2m.; property division, £14.8m.; U.K. insurance company, £8.8m.; and general investments and associated companies, £13.3m.

Because of the availability of the Bank of England's loan guarantee, however, the provisions for the banking division have not had to be incorporated into the 1975 group accounts. It is expected that the full Bank of England guarantees of *£40m. against* bad debts will eventually have to be called on.

Weakness

The accountants, whose very extensive unpublished original report has been shown to the Bank of England and the Department of Trade, hit out at the "inherent weaknesses" of Slater Walker's lending policy on a number of counts. There *are also extensive criticisms of* the investment policy of the group's insurance company under the chairmanship of Mr. Slater, who "exercised a dominant role" in it.

The documents also *disclose* substantial loans to certain former directors, particularly Mr. Tony Buckley, previously managing director, and Mr. Slater. It is revealed, too, that the Department of Trade has carried out inquiries into possible breaches of Section 54 of the Companies Act, 1948, concerning the financing by the Slater Walter bank of certain purchases of SWS shares by a *company related to the SWS* group.

Shareholders have received three documents, a chairman's statement by Sir James Goldsmith, a nine-page summary of the accountants' report and the 1975 report and accounts, with the auditors' report and extensive notes. In the following report, we have identified the documents which we are quoting.

Bank's lending policy 'inherently weak'

THE ACCOUNTANTS' report starts with Slater Walker Ltd. (SWL), the banking subsidiary. The main criticism of this side is reserved for the lending policy of the bank, which it describes as "inherently weak."

The report notes, for example, that four loans accounted for 51 per cent. of the total loan portfolio, and that a further 16 loans for another 31 per cent.; interest could be rolled over on £36m. out of a total of £91m. worth of commercial loans; and there was a mismatching of the maturity dates of assets and liabilities.

The *accountants state*: "SWL was regarded in the SWS Group as an 'in house' bank whose prime function had been to service the needs of the group and the group's clients. Thus some £68m. of SWL's advances, *out of a total of £91m.* at October 31, 1975, were to companies in which SWS had or previously had an interest, or to individuals to finance shareholdings in such companies. The greater part of the provisions *which the accountants recommended* related to a small number of accounts in this category, including a provision of £15.5m. in respect of a single situation."

Branches

"SWL's principal business was based in London, and in addition it had branches in six major U.K. cities, and three off-shore subsidiaries in Jersey, Guernsey, and the Isle of Man. The accountants reviewed the banking division as at October 31, 1975, when its gross assets amounted to £122m., its customer deposit and current accounts were £72m., and its capital employed was £43m., including net deposits of £21m. by other SWS Group companies. "SWL was by far the largest component of the division, the gross assets of the offshore companies amounting to only £13m. The offshore companies have not *been dealt with in this summary* as they were sold after December 31, 1975, for amounts approximating to their net asset values."

The statement by Sir James Goldsmith, chairman of the group, states that after the new management had been installed, "it was evident that the task ahead was to cut back the bank's activities to its London base and to recover loans that had been made." The regional offices were closed and the three subsidiary banks closed.

Orderly

"As a result of these measures and the recovery of loans, the total loan portfolio had been *reduced from £111m. at the end* of September, 1975, to £67m. on July 31, 1976."

Sir James also says that having had the support of the Bank of England "without which SWL would not have been in a position to carry on *trading*, SWL was able to continue to manage its loan portfolio and to arrange collection of existing advances in an orderly manner.

"SWL is not now in a position to undertake any significant new business and the size of its management and the level of its overheads have been reduced."

The accountants stated that "at October 31, 1975, SWL had some 150 commercial loans outstanding totalling £91m. before existing provisions. It was the opinion of the accountants that at October 31, 1975, the existing bad debt provision of £9.6m. in respect of the loans and advances was inadequate. In the absence of the guarantee arrangements made in December, 1975, with the Bank of England, they considered that *a further bad debt* provision of about £29m. would have been required against these advances and against liabilities arising under certain guarantees in respect of loans made by banking subsidiaries. This amount excluded any provision that might have proved necessary in respect of the loans totalling some U.S. $29m. to Haw Par, which at that time could not be evaluated.

Ignored

"As a result of events since the completion of the accountants' report, including the effect of the Haw Par settlement, *movements on exchange rates and* further deterioration in the values of security held for certain loans, the directors consider that the further provisions of £29m. then recommended would need to be substantially increased *and it is now likely that the full* amount of the Bank of England guarantee of £40m. will be required."

The accountants felt that it was only the existence of the Bank of England guarantee which made it appropriate to ignore the future cost of financing the doubtful loans in evaluating the necessary provisions. In the absence of that guarantee, the bad debt losses which they considered SWL had incurred *would have made it insolvent at* that time.

Bad debts

Also, it appeared to the *accountants that, in assessing the* amount of the bad debt provision at December 31, 1974, although some borrowers were known to be in financial difficulties, lack of security was not of itself regarded as necessitating a provision. In their view, optimistic assessments were made by SWL regarding the ability of managements of certain of the companies to whom loans were made, the likely course of property prices and the worth of unsupported guarantees. *For the purposes of their report,* however, the accountants considered it appropriate in estimating provisions in the majority of cases, to have regard solely to the value of underlying security.

The accountants summarise *their views as to the factors* involved in the weakness of the lending as follows:

1—The small number of very large loans, whose size appeared out of proportion to the resources of SWL. The four largest loans (ranging from £5m. to almost £18m.) accounted for 51 per cent. of the portfolio. There were a further 16 loans of over £1m. which accounted for 31 per cent. of the portfolio. Therefore of the 150 loans, 13 per cent. of the total number accounted for 82 per cent. of the total value of the portfolio.

2—the terms on which some £36m. of the loans were granted included provision for the *rolling up of interest*.

3—The mismatching of the maturity dates of assets and liabilities; liabilities due within three months amounted to £57m., whereas assets realisable within three months were £22m. The loan portfolio included some £62m. of loans (before provisions) with an expected repayment date of over two years.

AUDITORS' REPORT AND QUALIFICATIONS

to the members of
Slater, Walker Securities Limited

We have examined the accounts of Slater, Walker Securities Limited and its subsidiaries, which accounts have been prepared using the historical cost convention as modified by the revaluation of certain assets.

We draw your attention to the following matters referred to in the report of the directors and in the notes, on which we have reservations:—

1—As explained in Note 1 the consolidated sheet includes £21,705,547 in respect of the consolidated net *assets of the banking subsidiaries attributable to the* group's shareholding interest but in the separate balance sheet of the company no value has been attributed to this interest. Full details are also set out in this note of the guarantee of the banking subsidiaries' loan portfolios.

Were it not for the existence of this guarantee a very substantial provision for doubtful debts would, in our *opinion, have been necessary* and the amount at which the investment in banking subsidiaries is shown in the consolidated balance sheet would have required restatement by an equivalent amount.

However, in our opinion, the investment in Slater, Walker Limited (which has disposed of its banking subsidiaries since the year-end for amounts approximating their net assets) is, with the support of the guarantee, not without value in the event of a disposal, and the omission of this investment from the company's own balance sheet has resulted in the capital and reserves of the company being understated.

2—As explained in the report of the directors no independent professional valuation has been obtained of *the group's properties, the great majority of which* are in the course of development, or of the overseas property to which the guarantee referred to in the directors' report applies.

Accordingly we are unable to satisfy ourselves that the provisions made on the basis described in the report of the directors are sufficient to reduce the value at which the *properties are stated in the accounts to that which will be* realised on completion of the developments after deducting all costs to completion and, in so far as the overseas property loan guarantee is concerned, to provide for all potential losses thereunder.

3—*As explained in the report of the directors* the amount at which the insurance subsidiaries are stated in the balance sheets has been reduced by a provision of £5m. because the directors consider that a permanent impairment has occurred in the value of these holdings. We are unable to satisfy ourselves as to the adequacy of this provision.

4—As indicated in the report of the directors and in Note 10 the directors have revalued the Unit Trust Management Contracts at £5m. on an open market basis. We are not able to determine whether this amount is appropriate.

In our opinion, subject to these reservations, the accounts set out on pages 27 to 45 together give, under the conventions stated and, so far as concerns members of *Slater, Walker Securities Limited, a true and fair view of* the state of affairs at December 31, 1975, and of the results for the year ended on that date and comply with the Companies Acts 1948 and 1967.

Arthur Young McClelland Moores & Co.
Chartered Accountants

London
1st September, 1976

Bank of England's support arrangements

Substantial assistance was made available by the Bank of England to fortify the position of SWL (the group's bank) by way of a cash facility, ultimately of up to £70m., and through provision for guaranteeing £40m. of SWL's loan book.

The borrowing facility was considered necessary to protect the bank's deposits and to help liquidity in view of the threat to confidence in the group's bank and other activities following Mr. Slater's departure. It is made clear that neither the bank nor the group could have continued without the guarantees.

The loan guarantees were made available to enable the business to be carried on in face of lengthy prospective uncertainties over the value of the bank's loan and other assets.

Full details of the guarantee arrangements are contained in Note 1 of the report and accounts: "By an agreement dated December 11, 1975, the Bank of England guaranteed and indemnified SWL and its banking subsidiaries against losses on advances and contingent liabilities up to a maximum principal amount of £40m. together with future interest accruing on such advances.

In consideration of the guarantee, the Bank of England is entitled to receive all the profits of SWL from January 1, 1976, until such time as the profits thus ceeded amount to 125 per *cent of the total amount drawn* under the guarantee and not subsequently recovered by the guarantor. All such payments are contingent on future profits being earned by SWL.

At December 31, 1975, no calls had been made under the guarantee although it is likely that the guarantee will be required in full in which event payments totalling in excess of £50m. would be payable by SWL to the Bank of England out of its future pre-tax profits as and when earned.

Earnings

"While these arrangements should result in there being no *requirement for* additional doubtful debt provisions it is not expected that, in the foreseeable future, any earnings will accrue to the group from SWL.

"In these circumstances, the consolidated balance-sheet includes £21,705,547, being the consolidated net assets of the banking subsidiaries attributable to the group's shareholding interest. In the separate balance sheet of the company no amount has been attributed to the value of the investment in the banking subsidiaries."

Referring in detail to the loan facility arrangements, the accountants' report states: "The Bank of England granted SWL a secured standby facility in October, 1975, to assist the banking division in meeting withdrawals of public deposits which might arise as a result of the resignation of Mr. J. D. Slater. This facility was superseded on November 27, *1975, by a revised secured* advance facility of up to £70m. with interest on amounts drawn down at Bank of England base rates plus 1½ per cent., and a commitment fee of ¼ per cent. per quarter on the amount of the facility. In addition, the directors of *SWS* undertook, inter alia, that, if requested by the Bank of England, up to £25m. of SWS Group deposits with SWL would be converted into equity capital.

Undertaking

In addition, the company (*Slater, Walker Securities*) has undertaken to preclude or limit the payment of dividends on its Ordinary share capital to such *an extent and for such a period* as may be acceptable to the guarantor. The company has further undertaken, as soon as practicable, to inject £10m. additional capital into SWL by way of new shares or an interest-free subordinated loan.

"This injection of £10m. will be in partial satisfaction of an earlier obligation under a facility letter dated November 27, 1975, from the Bank of England to convert up to £25m. of group deposits with SWL into equity capital. The subscription of the remaining £15m. of equity capital is expressed to be conditional on such action being consistent with the responsibility of the directors.

"The company has undertaken to procure the due performance by SWL of its obligations under the guarantee. Under the terms of the facility letter the company has given a guarantee to the Bank of England of all sums due by SWL under the facility. This guarantee is subordinated to all other creditors of the company.

"The guarantee given by the Bank of England was designed to preclude the need for provisions which would otherwise have been required in the accounts of SWL in addition to the then existing provision for doubtful debts of £9.6m. At

"The guarantee arrangements provide that repayment of the amounts called should only be made out of the profits of SWL and its subsidiaries earned subsequent to December 31, 1975, and that all these profits are to be used to make the repayments, up to an amount equal to 125 per cent. of the total amount called and not subsequently recovered. Therefore, SWL would make no contribution towards the profits of the SWS Group in the foreseeable future. SWS undertook to procure the due performance by SWL of its obligations under the guarantee."

"By accepting the guarantee arrangements with the Bank of England the directors of SWS undertook to inject £10m. further capital into SWL as soon as practicable; being in part settlement of the obligation to inject £25m. referred to above. The subscription of the remaining £15m. of equity capital is expressed to be conditional on such action being consistent with the responsibility of the directors of SWS. Having regard to the financial position of the group, the accountants doubted if the directors of SWS could responsibly accede to such a request if it were made."

The first part of the auditors' qualification to the accounts (given here in full) also refers to these arrangements.

Fund income 'vulnerable' to fall in interest rates

The accountants were more critical about the investment side of the insurance division. They state that the long-term business fund was too liquid and that the fund's income was therefore vulnerable to a fall in interest rates. They are also questioning the high property content (16 per cent.) in the portfolio.

In their opinion there were also "too many holdings of portfolio investments of questionable value."

They point out that while the *company enjoyed a certain* degree of autonomy on the underwriting operations, it was the then chairman, Mr. Jim Slater, who exercised a dominant role in the investment policy.

The chairman's statement warns that while in the past the increasing need for new capital in the insurance company has been met, "it is considered unlikely that Slater Walker Securities could continue to supply any extra capital which may be required for further expansion in the future." "Whether to reduce the range and level of activities of the insurance subsidiary or to sell it off is currently under consideration.

Constraints

Describing the construction of the insurance company, the accountants state that "The insurance division consisted of two principal companies, SWI *and a small Guernsey company*. The investment in these companies was stated at its cost of £11m. in the group management accounts at September 30, 1975, of which £10m. related to SWI.

"The constituent parts of *SWI were as follows: The long* term business fund amounting to £57m. at December 31, 1975, and general business, representing all classes other than aviation and motor."

On the investment aspects, the *accountants' report states that:* "The Department of Trade imposes on all insurance companies various constraints on investment policy, and receives quarterly portfolio analyses from SWI. Under the terms of its authority to carry out insurance business SWI is not permitted to invest in shares not quoted on recognised stock exchanges or to make investments in or loans to other SWS Group companies."

The accountants go on to relate what they believe to have been the principal problem areas associated with the investment portfolio:

(a) At the time of the accountants' examination, the long-term business fund was particularly liquid; thus the invested assets were not sufficiently well-matched and the fund's income was therefore vulnerable to a fall in interest rates. Since that *time a proportion of those liquid* funds has been reinvested in local authority lender option bonds on which, in certain circumstances, SWI has the option of immediate repayment.

(b) At September 30, 1975, 16 per cent. (*£10.4m.*) of the total market value of the portfolio was represented by properties and this is too high a proportion for a company of SWI's nature because of the inflexible characteristics of this form of *investment and its low yield.*

(c) There were too many holdings of portfolio investments of questionable value. Many were as a matter of policy to companies whose management ability was well known to, and well thought of by SWS. These investments were generally in the form of unsecured loan stocks which were considered, at the time they were made, not to have any substantial degree of risk although it is acknowledged now that a too large proportion was invested into that part of the financial sector which is highly geared.

In addition, some of these companies had been associated in various ways with the SWS Group and the losses arising on such holdings have been of significance in relation to the overall investment performance of SWI. Over the past five years losses on stock exchange investments of the long term business fund have aggregated £19m. in relation to a fund of £57m., although the situation was alleviated by a profit of £12.6m. resulting from the sale of property.

(Mr. Slater has since commented that he pointed out to the accountants that during the relevant period the market as a whole dropped substantially and he informed the accountants that as a consequence of the policy of maintaining a high degree of liquidity, any opportunity of taking advantage of the subsequent revival of the market by reinvestment was lost.)

The accountants say of the investment and management policy: "The management of SWI has enjoyed some degree of autonomy in the development of the underwriting operations but this has been subject to the direction of overall strategy by Mr. Slater.

"However, it was in the crucially important *area of investment policy that Mr. Slater* exercised a dominant role; although the SWI actuary specified the broad parameters within which investment decisions should be taken to achieve matching of the liabilities of the *long term business, SWI manage*ment in no way influenced the selection of investments within these parameters, nor were the dealings formally approved or ratified by either the board or the executive committee. As part *of the reporting system,* however, SWI management received full information relating to their investment portfolio.

On the question of the solvency margin of Slater Walker Insurance, the accountants commissioned a firm of consulting actuaries.

Transferred

"In view of the size of the long term business fund, the accountants commissioned Messrs. Bacon and Woodrow (B&W), consulting actuaries, to report on the actuarial liabilities of the insurance division. An initial review by the Accountants, taking account of B&W's report, indicated that SWI was likely to experience difficulty, on the basis of the new asset valuation rules, in meeting the solvency margins laid down by the Department of Trade. To meet this problem, SWS agreed to acquire from SWI any investments which had lost their quotation, at pre-suspension prices.

"Certain investments were accordingly transferred from *SWI in 1976, the effect of this* being reflected in the 1975 accounts of SWI and the remainder of the SWS Group.

WHERE THE LOSSES OCCURRED

	£m.
Net assets at September 30, 1975	81.9
Provisions recommended by auditors:	
Property	14.8
Insurance	8.8
Investments and Associated Companies	13.3
Other	6.6
Accountants' estimate of net assets at Dec. 31, 1975	38.4
Net effect of adjustment by Board, including increased book values for insurance and investment management divisions	2.3
Net assets at December 31, 1975, as per balance sheet	40.7

The Bank of England guarantee made possible the elimination of *the accountants' original provision of £29.2m. against* banking loans and advances (excluding loans to Haw Par).

THE ASSETS OF SLATER, WALKER SECURITIES

	Capital employed (£m.) Sept. 30 1975	Dec. 31 1975
BANKING		
Slater, Walker Ltd., an authorised bank, with wholly-owned subsidiaries in Jersey, Guernsey and the Isle of Man, and six regional offices in the United Kingdom		
Net Assets	21.5	21.7
Deposits placed by other Group companies	22.4	11.4
	43.9	33.1
PROPERTY		
SWP, together with some 200 companies mostly owning a single property, including a building division	78.0	62.0
INSURANCE		
SWI and Slater, Walker Insurance Company (C.I.) Limited. The insurance group was not consolidated in the SWS accounts and the investment in it was shown at cost	11.0	6.0
INVESTMENT MANAGEMENT		
Four main operating companies	3.6	5.5
GENERAL INVESTMENTS and ASSOCIATED COMPANIES		
Holdings of more than 20 per cent. of the equity in six companies and a considerable number of other investments	51.2	19.6
CENTRAL COMPANIES		
Slater, Walker Securities (the parent company) together with numerous intermediate holding and investment companies (including proceeds of sale of investments)	2.0	14.7
	189.7	140.9
Less: Long-term borrowings and minority interests	107.8	100.2
NET ASSETS (including non-income producing assets)	81.9	40.7

LOANS TO DIRECTORS OR FORMER DIRECTORS
OUTSTANDING AT DECEMBER 31, 1975

Name	Nature of Loan	Amount	Highest During Year
A. J. H. Buckley	Personal Loans	£772,840	£783,55[illegible]
J. K. O'Donnell	House Mortgage Loan	£88,537	£89,78[illegible]
	Personal Loans	£225,757	£225,73[illegible]
J. D. Slater	House Mortgage Loan	£118,149	£119,79[illegible]
L. H. Wasserman	House Mortgage Loan	£58,637	£59,49[illegible]
	Personal Loan	£94,642	£97,54[illegible]

Directors' report lists loans and mortgages

Details of loans to directors and members of staff are detailed in the directors' report. Outstanding at the end of 1975 was *£772,840* to Mr. A. J. H. Buckley, detailed as a "personal loan;" he resigned on October 6, 1975.

Mr. Jim Slater, former chairman, had a house mortgage loan at that time of over £118,000. On October 31, 1975, there were loans of £1.2m. outstanding in which Mr. Slater and Mr. Buckley were interested. Of these loans, £1m. had been advanced during the previous ten months.

Mr. J. K. O'Donnell had a personal loan of £225,757 and a mortgage loan of £88,537 and Mr. L. H. Wasserman a mortgage of £58,637 and personal loan of £94,642.

The report states that the house mortgage loans carried interest at the Building Societies Association recommended rate *and that personal loans carried* interest at 2 per cent. above National Westminster Bank's base rate throughout 1975.

Variations

Since December 31, certain directors have left the group and others are about to leave and "variations to the terms of some of the loans have been agreed."

In a reference to the loan to Mr. *Buckley, the accountants* note in their separate report that £500,000 was lent to him after he had resigned from the group to buy shares in another (unspecified) company. They further make the point that there *was a shortfall in the security of* those loans amounting to £325,000.

The accountants' report states that: "At October 31, 1975, loans to the then directors of SWS (which were made by SWL) amounted to £585,000, of which £228,000 were house mortgages. House mortgages to other group staff, made by SWL, amounted to £623,000.

"In the opinion of the accountants, the staff mortgages appeared to have been well secured when granted but since most of the advances were made and the property valuations obtained in 1973 and 1974 when property values were higher, they considered that some borrowers would have considerabl[e] difficulty refinancing thei[r] mortgages and a general pr[o]vision of £50,000 was recom[-]mended.

"In their opinion, there wa[s] *a shortfall of some £200,000* [in] the security held for loans an[d] a house mortgage totallin[g] £303,000 to one director and [a] provision was recommended. N[o] provisions were recommended [in] respect of the other director[s'] *loans and house mortgages.*"

Outstanding

By October 31, however, bo[th] Mr. Slater and Mr. Buckley ha[d] resigned. The accountants' re[-]port states: "At October 3[1,] 1975, there were outstandin[g] loans of £1.2m. made by SWL [in] which two directors who resign[ed] during 1975 were interested. [Of] the balance outstanding at Oct[o]ber 31, £1m. was advanced durin[g] 1975.

"The total included a hou[se] mortgage of £119,209 to Mr. J. [D.] Slater's wife, which he ha[d] guaranteed and loans (since [re]paid) of £352,000 to compan[ies] controlled by him. *In the opini[on]* of the accountants, the loans [to] these companies were at co[m]mercial rates of interest a[nd] adequately secured.

"Loans outstanding of £751,0[00] to the other director who [re]signed in 1975 included £500,0[00] which was advanced after it h[ad] been decided that he would lea[ve] the SWS group; quoted securiti[es] with a then market value in [ex]cess of this amount were charg[ed] to SWL. The accountants we[re] informed that the reasoning [be]hind this loan was to enable t[he] borrower to buy shares in a co[m]pany which he planned to [de]velop with the intention [of] improving the inadequ[ate] security for the earlier advan[ces]. The accountants were of t[he] opinion that at the time of th[e] review, there was a shortfall [of] some £325,000 in the security h[eld] by SWL for these loans, and [a] provision was recommended.

"In addition to the abo[ve] loans one other subsidy of S[WS] had made loans to staff, wh[ich] at October 31, 1975, amounted [to] £258,000. The accountants [did] not recommend a provision [in] respect of any of these loan[s."]

Property division 'was professionally conducted'

Slater, Walker Properties, the property division of Slater, Walker Securities, emerges reasonably free from criticism in the accountants' report. They state that while they had not delved into the past, it was their view, shared by the committee set up specifically by Sir James Goldsmith to look into the property affairs of the group, that the division had been "conducted professionally."

Nevertheless, the accountants' report recommends a provision of £14.8m. against the September, 1975 book value of £75.3m. They describe the property division at September 30, 1975, as comprising of some 200 companies holding a similar number of properties.

Neither the accountants nor the committee investigated the past activities of the property division but the view of the committee (which the accountants' impressions supported) was that the business of the division was conducted professionally. A policy of retrenchment had been followed since early 1974 with the exception of a successful increase in business in residential flat break-ups. The Channel Islands' subsidiaries were initially slow to follow this policy but were by then activ[ely] seeking to make sales.

"The main areas of loss [had] been those over which ina[de]quate control of purchases [had] been exercised, namely, Chan[nel] Islands, Eire, house build[ing] land in the U.K., joint vent[ure] schemes, and, to some ext[ent] Belgium and France.

"The book value of proper[ties] in the division at September [30,] 1975 was £75.3m. and nearly [..] per cent. of this was accoun[ted] for by ten properties. Appr[oxi]mately 95 per cent. by value [of] the portfolio consisted of f[ree]hold properties, the remain[der] being nearly all long leasehol[d].

"*In addition, the SWS Gr*[oup] offices were held at a book va[lue] of £2.4m. The house-build[ing] activities, although a large [em]ployer of direct labour, con[tri]buted little to the divisi[on's] profits and did not account f[or a] significant amount of its ca[pital] employed."

Based on the work of [the] property committee, [the] accountants recommended [pro]visions, net of certain surplu[ses,] of £14.8m. against the a[bove] book values, of which £9.5m. related to the ten la[rgest] properties.

Most of the property divisi[on's] activities are funded by bor[row]ings which at September 30, [1975] amounted to £60.8m. Of [this] £47.8m. represented intra-g[roup] indebtedness with the rolling [up] of interest, and this amoun[t was] included as part of the ca[pital] employed by the division. [At] December 31, 1975, the g[ross] income from the properties [was] only £1.5m. in a full year.

Out of the portfolio of £75[.3m.] approximately 70 per cent. [was] accounted for by properties [held] for or in the course of deve[lop]ment, being mainly free[hold] offices and shops. Followin[g a] review by the property [com]mittee, *it was proposed to* [com]plete existing developments [with] a view to sale.

Under the development [pro]gramme, authorised expendi[ture] then amounted to £8.3m., [sub]stantially all of which [was] scheduled for 1976. This am[ount] excluded the costs of finance, selling, and some £4m. expe[nded] in the three months to Decem[ber] 31, 1975.

In his review of this sec[tion] contained in the chairm[an's] report, Sir James Golds[mith,] mentioning that the rental inc[ome] was well below the cost of ca[rry]ing that property and that it [was] decided to realise the port[folio] in an orderly way. It [was] decided "to complete all cur[rent] developments and to conside[r in] due course the developmen[t of] other sites which might [be] viable following pre-lettings

Slater Walker reports summarised

Management's projection 'no more than indication' of future

The accountants' report states that it is likely that there will be a continuing revenue drain on the group during 1976. The accountants consider that the management's projection of the results for the current year is "no more than an indication of what might happen."

Sir James Goldsmith says that in future the group should continue to realise its investments and properties and to recover the loan portfolio of SWL, the banking subsidiary.

Continued progress, he says, "in this programme will enable SWS to use its resources to reduce its heavy liabilities." He warns shareholders that "until such time as sufficient of the non-income or low income producing assets have been sold, the existing equity will be further depleted.

No dividends

"Preference and Ordinary shareholders cannot, therefore, expect any dividend until such time as this position has been corrected and resolved."

The accountants' report points out that "the prospects for the group were clearly subject to considerable uncertainty, not only as to the outcome of normal *trading assumptions but also* as a result of potential changes in group strategy. It was apparent, however, that the group was likely to experience a revenue drain in 1976 and this could only be financed from the proceeds of asset realisations.

"The most *significant* feature was the effective isolation of the banking division from the rest of the group's results, because of the obligations which would arise if the Bank of England guarantee was called. Of the other three divisions, only the investment management division appeared *clearly profitable*, although some possibility existed of a small return from the insurance companies.

"As regards the management projection of results for 1976 which the accountants examined, they stressed that in the then circumstances such figures could *be no more than an indication of* what might happen and they should not therefore be treated with the same degree of confidence as a formal forecast. It *is* therefore considered that it would not be appropriate to deal with such projections in this summary.

"A cash flow projection for 1976 was made at the same time. The accountants felt that the bases adopted were not unreasonable in respect of recurring flows, but the key element in the projection was the rate at which assets, particularly properties, could be realised in order to fund the revenue drain and repay SWL's deposits *and the drawings under* the Bank of England facility. On the assumption that the Bank of England guarantee was not called upon, it was unlikely that the cash inflow generated by asset disposals would reduce drawings under the Bank of England facility in 1976."

Overheads

The accountants noted that because of the underutilisation of space in Petershill House arising from the reduction in activity and staff, the amount of overheads projected was clearly considerably in excess of what the continuing operations at their present level of activity, might bear.

The accountants express the view that "the need for many of the provisions in SWL should have been apparent earlier in 1975. The announcement of the group's interim results on August 19, 1975, showed half year pre-tax profits of about £2.2m. and was approved by all the then directors of SWS (either present at a Board meeting or individually by letter).

"The accountants were told that the interim results were produced by the normal management reporting process. It appeared that the question of reviewing advances in order to assess any provisions which might then be required against doubtful advances—a procedure which they regarded as appropriate in banking groups—was not considered by the Board at *the interim stage, although it was* carried out for the annual audited accounts. Such a review would, in the accountants' opinion, have resulted in a loss being disclosed for the half year.

"In their conclusions, the accountants drew attention to the financial position of the group, which was very highly geared. Of the long-term borrowings, some £65m. was denominated in foreign currencies: against this, the group had, at December 31, 1975, net foreign currency assets of about £56m., which left some exposure to a deterioration in the sterling exchange rate; furthermore the *position* was not completely matched in individual currencies.

In view of the high gearing, the basic problem was that the group had *non-income producing* assets of about £70m. consisting of development properties and the net assets of SWL, any profits of which would for an indeterminate period have to be applied towards payments to the Bank of England arising under their guarantee. This would result in a net revenue drain, which in the absence of remedial action was likely to continue and which would further erode the group's reserves and hence also its borrowing base.

Decision awaited on possible breach of Companies Act

As a result of the accountants' investigation, the Department of Trade has made inquiries into the possibility of a breach of *Section 54 of the Companies Act* 1948 in connection with the financing by SWL of purchases of the group's shares by a related company. A decision by Mr. Edmund Dell, the Secretary of State, is awaited on a report now in his hands on the subject.

Identified

In detail, the accountants' report says on this matter: "The accountants identified the possibility that there could have been a breach of Section 54 of the Companies Act, 1948, *in relation* to the financing by SWL of certain purchases of SWS shares by a company related to the SWS Group, but *not a subsidiary*, and in respect of which SWL incurred a significant loss. The Board then commissioned a more detailed report on the purchases and sales of SWS shares by this company and three other similarly related companies which had also bought and sold SWS shares.

"The report covered the period of six years ended May 31, 1975, after which no sales and purchases of SWS shares took place. The opinion of leading counsel was also sought by the SWS Group and he has stated that in his view there had been breaches of Section 54.

"The accountants were informed by Mr. Slater that the purchase of SWS shares was related to a number of business objectives including the listing of the shares on certain foreign stock exchanges and the development of associations with several other major commercial groups and that management believed *these objectives to be in the* general interests of the SWS Group. Mr. Slater acknowledged that he was responsible for the decision by SWL to make loans to the four companies and that he was also responsible for the investment policy of the companies which included the purchase and sale of SWS shares. The accountants found no evidence that either Mr. Slater or any other SWS director derived any personal benefit from any of the transactions.

Submitted

"Copies of the accountants' further report and of counsel's opinion were submitted by the Board of SWS to the Department of Trade who then made inquiries under the provisions of Section 109 of the Companies Act 1967. The official report is now with the Secretary of State to take such action as is fit."

Provision of £13.3m. against associates

The accountants' report deals with the SWS investments in associates and the subsequent write-offs—the largest being *£5.6m. lost in Equity Enterprises.* Total provisions on these investments, plus a realised loss of £5m. on sales by the end of 1975, amounted to £13.3m. Fifteen holdings amounted to 90 per cent. of the total holdings.

Investments

The accountants' report states "At September 30, 1975 SWS's interests in associated companies and other investments had a net book value of £51.2m. The accountants reported on these investments and considered what adjustments should be made to the carrying value of each investment at December 31, 1975.

In accordance with the SWS Group's accounting policies, they assumed that investments of a long-term nature would continue to be stated at cost (plus group *share of post acquisition reserves* where applicable) unless circumstances were such that their value to the business might be considered to have been permanently impaired. All other investments were valued by them at the lower of cost and market value or estimated realisable value. Of the major investments those in Cornwall Equities and James Finlay were valued at above estimated realisable value and market value respectively.

By December 31, 1975, investments with a book value of £21.5m. had been sold at a loss of £5m. The accountants recommended a provision and other adjustments of £8.3m. in respect of the investments held at December 31, 1975, which would consequently have had a book *value of £21.4m.*

Thus, the total loss to be provided on these investments was £13.3m. which was about 25 per cent of their book value at September 30, 1975. This is in addition to any provisions for losses on these investments made *prior to September 30, 1975, and* excluded the extra provisions made at December 31, 1975, by the SWS Board. These extra provisions were £1.1m., which arose from the subsequent reclassification of two holdings in associates as long-term investments, and the provision of £0.35m. in respect of certain paintings.

Substantial

In addition to these provisions, SWL has had to make substantial provisions in respect of loans *to some of these companies and* of loans to finance purchases of shares in them by directors of such companies.

The investments at September 30, 1975, included interests in seven companies valued at over £3m. each, which amounted to £34m., and eight investments of *over £1m. each, which amounted* to £12m. These 15 holdings accounted for approximately 90 per cent. of the total in value. The provisions and adjustments recommended by the accountants amounted to £13.3m. Of this, £10.8m. related to six investments, the largest single provision being £5.6m. in respect of Equity Enterprises Limited

Investment management 'orthodox and well-run'

The accountants' conclusion on the investment management division—which comprised portfolio management for private clients, U.K. unit trust management and offshore trust management — was that the division appeared to be well-run and managed in an orthodox manner."

The chairman refers to a period of uncertainty after the resignation of Mr. Slater. An investment committee was formed which included representatives of merchant banks Hambros and Rothschilds to supervise overall investment policy, and the unit trust group ceased to promote the funds.

However, Sir James states that repurchases of the group have returned to a more normal level and that it is now the intention to pursue active development of its business." He mentions that the value of private client and institutional funds is now at approximately *the same level* as October 1975.

The accountants' report states that "At September 30, 1975, the division had funds under management of just under £300m., comprising £40m. private and institutional clients' money, £75m group companies' money, £170m in U.K. unit trusts and £10m. in offshore trusts. Out of the total funds managed, approximately 2 per cent. was held in companies which are connected companies of SWS, 1 per cent. in companies which are clients of the banking division and 4 per cent. in certain major strategic holdings.

"At September 30, 1975, one unit trust held 323,333 Ordinary shares and five trusts held a total of 1,362,963 Preference shares in SWS. These holdings had not altered significantly by July 31, 1976. *Transactions in* these shares were approved by the trustee in each case.

"The private client portfolios included approximately £3.4m. invested in specialist unit trusts managed by Slater, Walker Trust Management. Management fees, which are based on portfolio values, are not charged on the value of a client's holding in the unit trusts. In addition, when such investments are made, there is a reduction in the initial service charge by the unit trust.

"As a result of takeovers of the Jessel trusts and the National trusts in November, 1974 and February, 1975, there were 44 U.K. unit trusts at the time of the accountants' reports, many of which had similar investment objectives. Certain of the National trusts were very old and had not been actively promoted for a considerable time. A *scheme of rationalisation, involving* the amalgamation of a number of these trusts, which had previously been planned, has since been instituted and is now more than half completed."

Increase in borrowing powers to be sought

The various provisions made in the latest accounts have caused Slater Walker Securities to exceed its borrowing powers. The Board is therefore seeking approval for resolutions, to be put to shareholders after the adjourned annual meeting on October 8, to change the group's articles of association to allow higher borrowing limits.

A letter sent to shareholders warns that if they do not approve the amendments the directors would have no alternative but to resign.

Sir James Goldsmith also stresses the importance of the resolutions to shareholders in his annual statement, and urges them to vote in favour

At present, SWS can borrow up to a limit of three times the capital and reserves. If the new articles are passed, the group will be able to borrow up to the higher of either the existing limit or £150m. Shareholders will be asked to ratify all past borrowings prior to the date of the meetings.

The write-downs in the past financial year have reduced the borrowing limit to £50m. on the old formula, compared with debt of £101.5m. The limit as calculated on the previous year's accounts amounted to £189m.

The holders of certain of the SWS loan stocks are also to be asked in the near future to approve amendments to the borrowings limits in the stocks' trust deeds.

Scientist accuses company of inciting treason

AN aero-dynamics expert claimed at an industrial tribunal hearing yesterday that his company's alleged instructions to him to remain silent for reasons of commercial security amounted to incitement to treason.

Mr. Stephen Thornley, 39, was dismissed from his job as a senior project supervisor at the Aircraft Research Association, Bedford, after writing a letter to The Guardian in which he described the RAF's new Tornado strike aircraft as a "sitting duck."

Unfair

He claimed at the original hearing in August that he was unfairly dismissed when accused of breaking the Official Secrets Act and breaching commercial security.

At yesterday's resumed hearing he said that the Defence Ministry had accepted without query the wording of a report that there was "severe loss of performance" by the No. 1 European strike aircraft on which he had been making tests. *He wrote to* The Guardian about it.

"For the Aircraft Research Association to suggest to an employee that he remains silent concerning a shortcoming in the national defence by reason of commercial security amounts to incitement to treason," he said. "It cannot lawfully be required of any loyal citizen that he remains silent."

He had thought it common knowledge that the multi-role combat aircraft was expected to form a major element in Britain's defence

"My letter thus constitutes a public warning of a shortcoming in the national defence and, as such, considerations of commercial security are not applicable."

As to the allegations that he broke the Official Secrets Act, Mr. Thornley said this was a matter of law and he had not been charged with any such offence.

Technical management was being "used," he said. He once asked the Aircraft Research Association's German customers for a certain project whether he could send a report on tests to an expert at the Royal Aircraft Establishment for his advice, but they refused.

Nonetheless, he was told by his superior to send the report. "I was required to break a staff undertaking on security," said Mr. Thornley

The tribunal is expected to announce its decision in about six weeks.

Shore tours North-West

MR. PETER SHORE, Secretary for the Environment, starts a three-day visit to the North West *to-day to enable* him to see the major areas of urban stress outside London, the regeneration of city centres and the problems of housing.

In Liverpool to-day he will meet the city council, Merseyside County Council, representatives of the Chamber of Commerce and the *regional director of the* National Enterprise Board.

He will also meet members and officers of Sefton Borough Council at Bootle Town Hall.

To-morrow Mr. Shores will meet leaders and chief officers of Oldham, Tameside and Manchester, and will address local authority members and chief executives at a lunch in Manchester Town Hall.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Colour-prints most types of materials

THE WAY in which textiles are decorated for long was based on the application of prints. The process is to apply the colour by roller or screen as a wet paste, set it into the fabric in a "steamer" and wash.

All this changed a few years ago with the advent of what is generally called transfer printing. In this, what had once been a very distinct liability among the various dyestuffs was used to advantage. At a fairly high temperature some dyestuffs sublime. In transfer printing pastes or "inks" are made up from these dyestuffs and printed on to paper. When required the paper is brought against the textile, heat is applied and the complete multi-colour print passes from the paper into the structure of the fibres of the material. The result is simple, rapid and dry. The fact that no water is necessary is of very considerable appeal, but the difficulty and limitation of the process is that it is largely confined to polyesters. It can be used on the acrylics and nylon fibres, but when it comes to wool or cotton then very little can be done.

Now a totally new approach to transfer printing has been reported by Prof. I. D. Rattee (Department of Colour Chemistry, University of Leeds).

The new system of transfer printing is at present called "film release" and according to the inventors it will be suitable for virtually all types of fibres, but particularly cotton. As with the original transfer printing system the new approach may also be described as dry, for it only requires subsequent steaming and need not be washed off.

Key to the process is a film which is applied to paper and which at first becomes tacky when heated, but then is destroyed by heat. In this film can be incorporated all manner of dyestuffs, pigments etc., and the paper can be printed by a variety of different processes such as offset lithography, gravure and rotary screen.

Unlike existing transfer printing the film has a tensile strength and is pulled away from the paper to which it was originally applied. This film is applied over the entire surface of the fabric, but the required design is also carried with it. After first sticking to the fabric it begins to penetrate the cloth to pass at first between the yarns and then between individual fibres. This is done very rapidly and at a comparatively low temperature (usually around 100 degrees C) but with only relatively low pressures being needed.

Dyestuffs or pigments are placed precisely where required on the fabric and the film itself is destroyed to leave these in place. Once applied to the fabric the print is fed into a conventional steaming chamber where the design is permanently fixed to the cloth. It is claimed by the inventors that the handle of the fabric is unaffected by the presence of the remains of the film and that there is no need to wash off any residue, assuming the paper has been correctly produced in the first place.

It has been suggested that there is perhaps a liability for the cloth to suffer from accelerated soiling, but again Prof. Rattee claims that provided the correct film is used this danger need not exist.

The process has been described as a simple heat-pressure transfer at 80-100°C, with 20-40 kg. per sq. cm. nip pressure, using a contact time of as little as 0.01 seconds, although this is not critical. The paper is then pulled away from the laminate and the cloth print is cured at 160-170°C, for 30-60 seconds on a stenter, a reactor or transfer printing machine.

No details of what will be known as the Fabprint process have been released about the economics of the system, but the inventors say that already three companies have been licensed to operate it and a fourth is expected very shortly.

Whether it will in fact live up to the claims and the implications, remains to be seen, but it does underline very clearly just how much effort is now being devoted by research teams into widening the basis of transfer printing beyond the current boundaries of a single fibre.

Further from the University on 0532 31751.

Transfer of textile technology

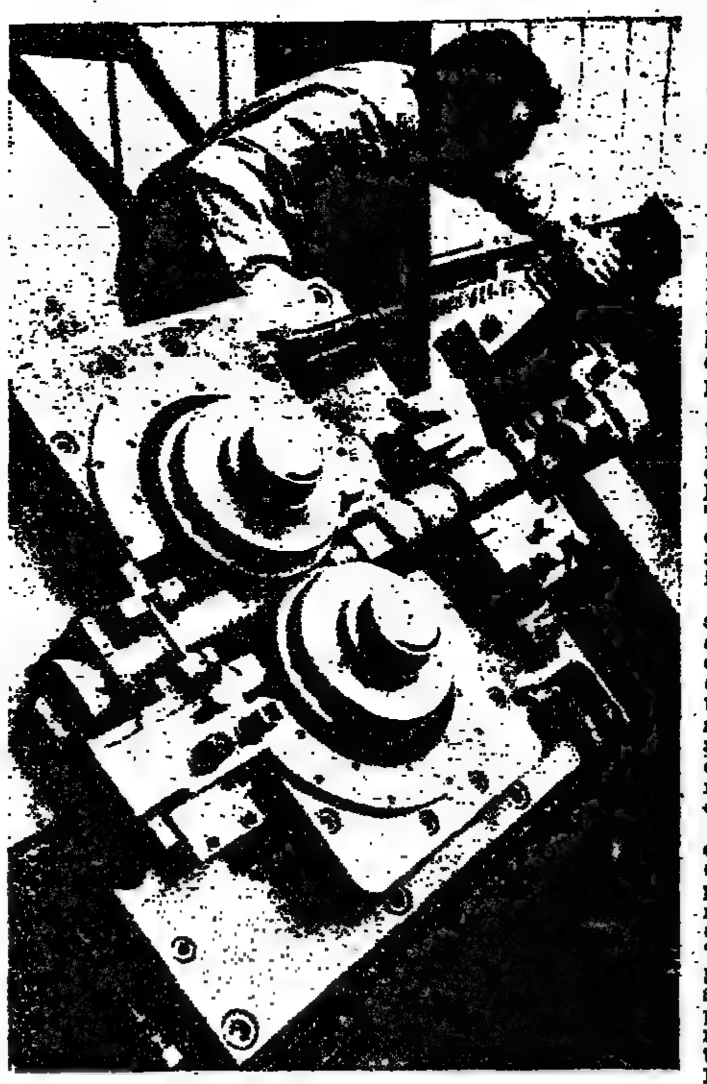
THE TEXTILE research associations, namely the Fabric Care Research Association, Hatra, Lira, Shirley Institute and Wira, are to collaborate on a joint technology transfer project which has been made possible by a contract between the Textile Research Council and the Garment and Allied Industries Requirements Board of the Department of Industry.

The project is to show that a concentrated effort to introduce research developments can lead to their more rapid and effective application by industry, thus solving a problem often considered to be a part of the "British disease."

The work will be undertaken over a period of 14 months and the effort will be concentrated on the pooling and dissemination of research findings relating to a selection of topics which includes such items as colour control, seam damage and quality control, stain removal and garment retrieval and other aspects of process control.

Staff from the various organisations are currently assembling the available information on these subjects and from these details suitable briefs for communication purposes will be prepared. Additionally, appropriate visual aid material is being arranged for use during the liaison visits.

Textile Research Council, 2 First Avenue, Sherwood Rise, Nottingham NG7 6JL. 0602 623311.



Ashlow Steel and Engineering, a Bridon company based in Sheffield which has just secured a major £13m. contract in South Korea, is the designer of a range of capital equipment and associated components for rod rolling mills, 70 per cent. of sales being in overseas markets. An important development in this product range is a new design of unitised cantilever stand and drive for intermediate and finishing rod mill applications shown here. This results from Ashlow's policy of manufacturing standard units for supply to rod rollers on an "off-the-shelf" basis, which cuts out the time-consuming and costly elements of individually designed projects. These stands are operating successfully in the U.K. and Western Germany. Improved quality, increased yield and reduced operating costs have resulted. The West German twin-strand rod mill has produced rods in excess of 40,000 tonnes per month. The latest installation is at Sheerness Steel Company in Kent. Stands of this particular design will also form part of the Ashlow contract for the Pohang Iron and Steel Company at Pohang in South Korea. Besides being the company's largest export contract to date, this will be the first occasion on which Ashlow will be responsible for the design and supply of a complete rod mill. Briden is at 0302 4010.

● ELECTRONICS

Converting the petrol pumps

MAGNETIC Devices two-pole, heavy duty, changeover relay, the Series 630, is being specified by Retail Control Systems for its electronically controlled petrol pump conversion modules.

Developed by Gresham Lion, the modules will convert existing mechanically operated, Imperial delivery pumps into self-service, Imperial/metric delivery pumps. The modules have also been incorporated in new pumps which are now in service on about 100 forecourts.

Rapid growth of self-service stations, the prospects of metrication and the increasing cost of petrol—many pumps in use cannot deal with prices greater than £1 per gallon—has created a demand for a relatively simple and reliable means of converting conventional pumps to meet the requirements of a modern forecourt.

Digital displays, indicating the cost per gallon/litre, the amount of fuel delivered, and the total price, are mounted with the module in a console in the forecourt office and on the pump. The "630" relays are used in the power supply to provide a soft-start facility and mains failure protection. In the event of a mains failure the relays switch the system from 24V AC to a 24 V DC stand-by battery. This mains/battery changeover function is necessary to meet the U.K. requirement of ensuring that the pump displays remain for up to 15 minutes after a mains failure.

Magnetic Devices, Exning Road, Newmarket, Suffolk CB8 0AX. Newmarket 3451.

Guide grows much bigger

SEVENTH edition of the guide to the U.K. electronic components business by Eurolec is a massive 508-page book providing essential background information on nearly 900 companies in the U.K. that supply electronic components, including U.K. manufacturers, importers and distributors.

There is a significant increase in the number of component suppliers listed, these being principally importers and distributors which have entered the market within the last few years. The buyers' guide in the new edition is correspondingly larger, but also it has been made more detailed. It covers every type of passive and active component, including integrated circuits and microprocessors.

The mounting importance of overseas suppliers to the U.K. component business is emphasised by the more than 750 overseas companies noted as having commercial relationships of one sort or another with U.K. component companies. Around 60 per cent. of these overseas companies are situated in the U.S.

New features of the guide, apart from its first appearance in an A4 format, include a section which conveniently groups suppliers into geographical regions, and a section giving names and titles of over 3,000 people in the electronic component business.

"Electronic Components on Offer in the U.K." is available from Eurolec at £15.50 plus 80p post and packing, at Little Waltham, Chelmsford CM3 3NU, Chelmsford (0245) 360 344.

● ENERGY

Power saved for smaller companies

TO ENABLE the smaller factory owner to improve the power factor of his electrical plant—and make significant reductions to his electricity bills—British Brown-Boveri has introduced a fully automatic, compact power factor correction unit.

This self-contained unit is available in power ratings from 25 to 100 kVAr, intended for three-phase 415V supplies. The capacitors, control gear, fuse protection, power factor regulator and isolating switch are mounted as one unit, a feature which makes installation extremely easy. Physical dimension of the unit are 1200 mm high, 435 mm wide, and 825 mm deep, with a weight of up to 190 kg depending on the rating.

In operation, the unit automatically switches the capacitor bank across the incoming mains supply when the monitored power factor deteriorates beyond a pre-determined level. Thus, in a factory where the electrical plant is not in use during the night, the power factor correction unit switches itself out of circuit during this time.

The financial savings resulting from the installation of this type of equipment depend on the nature of the electrical plant in use, and in many areas of the U.K. also upon the season of the year. The tariff savings will usually recover the cost of the equipment in 15-18 months.

This new unit complements British Brown-Boveri's existing activities in power factor correction, hitherto mainly devoted to custom designed systems for ratings up to 1200 kVAr.

The company is at Glen House, Stag Place, London SW1E 5AH. 01-828 9422.

● TRANSPORT

Headlamp beams made "spot-on"

BY THE END of June next year it will become necessary for all garages undertaking MoT testing to have installed an approved optical headlamp beam setting equipment. Failure to do so may mean that the examiner's authorisation will be withdrawn.

With this in mind Tecalemit Garage Equipment has introduced a reflex beam tester designed specifically to comply with DoE requirements. Production has already started and the company says it has 500 orders in advance of the Motor Show.

The device is essentially a box with hinged lens panel at the front, facing the vehicle, and a screen at the back which is observed through an aperture at the top of the box. The box can slide up and down, its weight counterbalanced, on a vertical column and the whole moves on a trolley on rails at right angles to the vehicle longitudinal axis. With the lens out of the optical path, the box is aligned with this axis by aligning marks on the centres of the front and rear windscreens with cross wires and an ellipse seen in the mirror.

Then, alignment with the headlamp itself is carried out by centring the image of the lamp's lens in the mirror.

Finally, the 7-inch plano convex lens is swung down and the headlamp switched on, projecting the beam spot pattern on to a calibrated screen. To determine the "hot-spot" position the operator simply moves a light cell mounted on a search rod until the highest reading is obtained. The screen is calibrated for the lamp type and the operator can then see if the spot position is within limits. If not the cell is placed in the correct position on the screen and the headlamp adjusted. More from the company in Plymouth, Devon, PL6 5LA (0752 62844).

● MATERIALS

Keeps metal free from corrosion

A VAPOUR invisible to the human eye is saving manufacturers considerable sums by protecting exports.

It is emitted by an inexpensive new wrapping material to create an ultra-thin film that settles on ferrous products to protect them from the effects of corrosion.

Vaporap wrapping material, developed and manufactured by Carrs Paper of Solihull, can safeguard products of iron, steel and some non-ferrous metals, whatever their size, shape and nature, and no matter what climatic conditions are experienced.

The modest outlay involved is out of all proportion to the potential savings in terms of safe transit to any part of the world and extended storage, and justifies the manufacturer's claim that controlled vapour emission is the most effective means of protection.

Carco Vaporap is to all outward appearances a Kraft wrapping paper, supplied in flat or creped form in a choice of two weights and in nine qualities to meet different circumstances, with a one-ply in natural or waxed Kraft and a two-ply embodying wax or bitumen. The secret of the material lies in a VPI (vapour phase inhibitor) coating, incorporated as the manufacturing stage, having a controlled emission that settles as an invisible film on the metal surface.

Carrs Paper has a technical department able to offer specific recommendations as to the choice of grade, its use in the roll, reel or sheet, and the best methods of packing according to the product.

Advice on the subject from Carrs Paper, Shirley, Solihull, West Midlands B90 4LJ (021-744 2215).

Efficient melting of metal

A MEDIUM frequency induction furnace with automatic control of power and power factor suitable for ferrous and non-ferrous metal melting has been announced by GKN Birwelco (Uskside), Newport, Gwent, (0633 63021).

It has twin lift crucibles operated by water pressure, is simple to operate and can be accommodated complete with power supply on a floor space of about 6 x 2½ metres.

Nominal melt rates per hour are 160 kg for aluminium, 300 kg for brass and 250 kg for copper, pouring at 730 deg C, 1200 deg C and 1175 deg C respectively.

Power is from a motor alternator with 100 kW output, although a solid state generator can be supplied to order.

The automatic control means that one man can operate the installation which is only 70 cm high and 90 cm long with simple pedal actuators for raising the crucibles.

● PROCESSING

As hard as chrome

INTRODUCED by Schloetter Co. is a replenishable electroless nickel process called Nibodur in which the deposits are 90 to 95 per cent. nickel and the remainder boron.

Advantages claimed over other electroless processes include a finer grain deposit and greater stability of the process in operation. The deposit is particularly suitable for protecting machinery and equipment parts from abrasion and corrosion. Nibodur is also suitable for building up worn, damaged or overmachined parts and for coating industrial moulds and dies.

Plastics can be coated if a suitable pre-treatment is carried out. Furthermore, because of the infinite throwing power intricately shaped surfaces, parts with blind holes, and recesses can be dealt with which could not normally be electroplated.

As plated the hardness of the deposit is 500 to 700 VPN, but with appropriate heat treatment hardness values of more than 1,000 VPN, similar to those for hard chrome coatings can be obtained. Coatings can also be soldered and welded. The company is at New Road, Pershore, Worcs. WR10 1BY (03865 2331).

● DATA PROCESSING

Machine in record time

ALLIED Business Systems recently delivered a Multibus real-time computer system complete with its initial applications software so that it was in use only five weeks after the contract was placed.

Including a 48K byte Multibus processor, 2 VDU's and 5 Megabytes of interchangeable disc storage, the unit was ordered by the Offshore Services Division of the British Oxygen Company Ltd. for BOC's North Sea Support Base at Peterhead, Scotland, where it now handles sales, bought and general ledger accounting.

The Peterhead base provides round-the-clock berthing facilities for supply vessels which ferry oil pipes and other supplies to pipe-laying barges in the North Sea. Facilities provided include office services, open and warehouse storage, the supply of fuel, water and ship's chandlery/provisions, and the use of a variety of lifting gear. Including one of the largest mobile cranes in Europe.

This complex business is handled by a specially written suite of programs and these, coupled with a statistical database, have greatly improved overall financial control and the speed of accounting operations.

Allied Business Systems, 1 Berkeley Street, London W1X 6NN. 01-499 9020.

Powerful modelling facility

CDC Data Services has released a financial planning package, IFPS or Interactive Financial Planning System.

This modelling facility runs on the CDC Cybernet services network and may be accessed via CDC's Kronos time sharing facility throughout Europe, North America and Australia.

IFPS is a general purpose modelling system for financial planning and investment decision-making situations. Typical applications include short and long term planning, project funding evaluations and cash flow analyses.

IFPS language is conventional English and its freedom from line numbering, formatting and segmentation constraints allows the user to define his model in a natural way. This helps rapid achievement of a working model providing positive user feedback, an aspect which CDC believes to be particularly important in the case of new users.

The package will handle large models and includes the majority of modelling's current techniques as standard.

CDC Data Services, Wells House, 79 Wells Street, London, W.1. 01-580 6454.

More power in COM recorder

IMPROVEMENTS to National Cash Register's 105 computer output on microfilm (COM) recorder/processor include a new optical system, dynamic focus cathode ray tube, and an improved camera.

The recorder has a new film processor which has been designed to be maintained without the use of tools. In addition there is a better chemical pumping system which makes even more economical use of the closed circuit Chem Pack. Microfiche are processed at a typical rate of up to one per minute.

The unique automatically aligned formslide can now be changed without opening the machines and multiple formslides can be used during the recording of a single fiche. This makes practical the incorporation of graphical information in the fiche for such applications as COM generated parts lists.

The basic purchase price of the NCR 843/110 is £38,000 and it is also offered on rental. Deliveries in the United Kingdom will begin this month.

NCR at 206 Marylebone Road, London NW1 6LY. 01-723 7070.

● COMPONENTS

Constant current supply

VOLTAGES of up to 30 kV at constant current for electrophoresis and similar applications can be supplied by the model 820 introduced by Brandenburg of 939 London Road, Thornton Heath, Surrey CR4 6JE (01-689 0441).

The solid state circuit uses a high frequency conversion to generate high voltage, low ripple DC power without the hazard of high energy storage in the output filter. Current stability is better than 0.1 per cent. of set value, and the latter is variable between 10 and 500 microamps.

Either constant current or constant voltage operation can be selected from the front panel and both parameters are shown on a meter. A single three turn control varies the voltage from 0.1 to 40 kV (constant voltage mode) and the constant current mode has both coarse and fine controls. The unit, which is fully protected, measures 445 x 320 x 160 mm and weighs 10.5 kg.

Detects liquid level

TANK level switch BM34 from Krohne Measurement and Control uses magnetic techniques and has a measuring accuracy of 5mm over a depth of up to four metres.

It has a float with a built-in magnetic system which moves on a sealed guide tube to follow the liquid level. In the tube, reed switches are positioned so that they are actuated by the float when the liquid level coincides with the position of the switch. Because the linkage is magnetic there is no possibility of leakage and the wide variety of materials from which the tube can be made assures the most aggressive environments can be accommodated.

Either simple reed or bistable reed switches are available, and up to nine can be accommodated. Intrinsically safe or explosion proof designs are available: a special version, for use where electrical supplies are not allowed, provides a pneumatic overfill safety switch action. More from Moulton Park, Northampton NN3 1JZ (0604 489704).

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LABOUR NEWS

'Captive pay' claim holds up TUC talks with seamen

BY CHRISTIAN TYLER, LABOUR STAFF

HOPES that the national seamen's strike, threatened as from *Monday week, can be averted* rose yesterday after the third meeting between leaders of the National Union of Seamen and the TUC economic committee.

There is, however, still one major sticking point in the list of eight items, including a £2.50-£4 pay rise from January, that the two sides have been examining to see if the ycan be claimed from the employers without a breach of the social contract.

The two sides meet again today in an attempt to agree whether a claim for non-working or "captive" time spent on board ship in port—which would bring a new apyment—is allowable.

Progress

If that question is settled the full national executive of the union will convene to-morrow *morning, and the employers will* be approached in the afternoon.

After yesterday's session, Mr. Lawrence Daly, general secretary of the Miners came out and scaid: "I have the impression that we have made sufficient progress for the meeting to go ahead on Thursday."

Mr. Jim Slater, the Seamen's general secretary, said: "We still have a bit to decide, but there is something there and we will be discussing it further."

Much depends on whether the Left-wingers who comprise the bulk of the Seamen's delegation can be persuaded to-day to give up "captive time" and refrain from arguing in the full executive that not enough has been done to lift the strike threat. The Left is in a minority on the 18-man executive but the voting of the "moderates" has been unpredictable.

Agreement between the TUC and the seamen would not, of course, mean that employers will automatically pay up, although they would be under great pressure to do so. The NUS is likely to maintain its strike threat until agreement is reached with the employers.

Seamen are expecting to get from the fringe-benefits package at least as much as the £6 on earnings they have been claiming from July this year—a claim ruled in breach of the pay policy by both the TUC economic committee and the Department of Employment.

The agenda for the NUS-TUC talks was decided at a stormy 12-hour confrontation which ended *early on Saturday in Brighton* when the NUS voted eight-seven to postpone the strike, originally called for the following day.

Accord near on printing technology

By Christian Tyler, Labour Staff

FINAL GUIDELINES on the introduction of new technology and the shedding of labour in Fleet Street newspapers are expected to be agreed upon early next month.

A joint standing committee of management and unions met yesterday against a fast-expiring deadline for the industry's application to the Common Market Social Fund for a 50 per cent. grant that could amount to several million pounds.

That money would help the employers meet the cost of retraining in or out of the *industry for printers who take* voluntary redundancy from their present jobs as labour-saving computer-based technology is introduced.

An EEC grant would be conditional on the standing committee's ability to "deliver" the programme it agrees.

The committee is still waiting for endorsement of papers produced by three working parties set up to look at compensation, pensions, and decasualisation—the subject that has run into most difficulties.

Mr. Adrian Ketterer, a Newspaper Publishers Association official, said yesterday the meeting had seen "full and frank discussions"

The committee looked briefly at the dispute which last Sunday halted production of the Sunday Telegraph and the colour *magazine that is moving from* publication with the Daily Telegraph. Further talks are to be held to-day.

Jones and Scanlon warn Leyland men on disputes

BY CHRISTIAN TYLER, LABOUR STAFF

BRITISH LEYLAND workers were yesterday warned by Mr. Jack Jones and Mr. Hugh Scanlon that unless disputes procedures were followed and "unnecessary disputes" eliminated, thousands of jobs and the future of the State-owned company would be in jeopardy.

This virtually unprecedented warning from the general secretaries of the two big motor *unions, the Transport and* General Workers and the Amalgamated Union of Engineering Workers, follows a number of unofficial and inter-union disputes over the last six months.

In a statement to the company's newsletter, Leyland Mirror they ask workers to have patience while union leaders work towards more flexible wage bargaining after the pay policy expires that would deal with such problems as skilled men's pay differentials.

Describing the Leyland rescue as a "wonderful experiment." they say it cannot be allowed to fail, in the interests of workers and the public generally.

Having examined Leyland's troubles—particularly in the cars division—with divisional and district union officials, they had *jointly decided* they could not "stand aside."

"With the agreement of full-time officials and at the request of the Leyland cars joint management council (the top tier of the company's worker-participation structure) we urge all members—indeed all employees—to realise the gravity of the position."

'Stay at work'

Workers are asked to remain at work and use disputes procedure "whatever difficulties *exist or may arise including* demarcation and inter-union problems."

The call comes in the middle of an external dispute involving car-delivery drivers that is slowly strangling output in the Midlands, particularly at Leyland and Ford.

Some 2,000 workers were sent home from Leyland's Courthouse Green engine plant in Coventry yesterday because of a strike by 90 labourers, who walked out when one of their number was suspended during a dispute on manning levels.

Peter Cartwright adds: Shop stewards representing 800 employees at 12 Silcock and Colling car-delivery depots are being asked to-day to support the month-long strike by 80 Coventry drivers resisting redundancy.

This is despite an offer of nearly £1,500 for loss of job or re-employment without loss of wages at Toleman-James, another Coventry deliverer which wrested a contract from Silcock and Colling to deliver 1,000 Fords a week in the Midlands.

A blanket strike would affect delivery of Fords from Dagenham and Halewood, Triumph Bullet sports cars from Liverpool, Mazda's from Newport and Peugeot's from Newhaven, besides Leyland. Cars and *Chrysler factories in Coventry.*

Seven towns chosen for low-pay drive

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

GOVERNMENT inspectors yesterday moved into seven towns to launch a blitz on low-pay industries and employers, backed by the Employment Protection Act, which provides for fines up to £100 and payment of up to two years' pay arrears.

The selected towns are Burton-on-Trent, Cheltenham, Luton, Blackpool, Dundee, Sunderland and Wakefield. During the next few weeks, seven inspectors at each place will make "saturation" inspections.

In launching the campaign in Birmingham yesterday, Mr. John Grant, Parliamentary Under-Secretary, Employment, gave the *base rates to which the* inspectors would be working at £24-£26 for a normal working week. Employers could be under-paying on those figures anything from 50p to £6 or more.

"Where deliberate under payments are discovered, that is tantamount to stealing from the workers," he declared. "Such employers are stealing from their workers just as much as if they were picking their pockets snatching their handbags or taking part in a wages hold-up.

In the past four years, the number of workers under-paid had increased by almost 50 per cent., "we shall come down hard *on law-breaking employers.*"

LEYLAND S. AFRICAN TRADE COULD SUFFER'

No recognition for black unions—business could be damaged

FINANCIAL TIMES REPORTER

THE management of British Leyland has told trade union leaders in the U.K. that it has reluctantly decided not to recognise African unions in South Africa for the time being because of the damage that such a move would do to its business.

British Leyland, which employs about 4,500 people in South Africa, mainly on car and truck assembly, has been under pressure, particularly in Durban, to grant recognition to the Metal and Allied Workers' Union. This is one of the more active of the 25-30 African trade unions operating in South Africa.

The management's refusal to grant recognition led to pleas for support from the union to International Metalworkers' Federation, to which it is affiliated and to trade unions in the U.K.

In a letter to representatives of the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers, which have been taking the lead in the matter, Leyland stressed its wish to be progressive on the subject of African trade unions and its view that it would be to the advantage of South African industrial relations if African unions were given the same recognition as white and coloured unions.

"We are anxiously seeking and will rapidly exploit any change in the situation which will enable our subsidiary to extend African employees' representation and where appropriate to grant recognition to African trade unions," the letter adds.

The letter makes it clear that, in Leyland's view, for the company to strike out on its own and recognise African trade unions at a time when other progressive employers are not ready to do so would put the company's investment in South Africa, and the jobs of its employees, in jeopardy; it would also affect employment in the U.K. The company points out that its *South African* subsidiary is a relatively small employer of African labour—less than 800 people—at several locations

For the time being the company has decided to continue with the system of democratically elected liaison committees. The position is being kept under review.

● Glass workers throughout Britain are to be urged to fight any effort to supply customers with goods normally produced by a South African firm hit by a strike of black workers.

The General and Municipal Workers' Union decided yesterday to call on workers at all Pilkington factories to back the union over the South African dispute which, it claims, involves a subsidiary of Pilkington.

The company, based at St. Helens, Lancs., says it is only a part-owner of the strike-hit firm, Armour Plate Glass.

● The South African Government has refused Mr. Herman Rebhan, general secretary of the International Metalworkers' *Federation*, a visa to visit trade unionists in that country. The federation has sent a telegram of protest to Mr. John Vorster, South African Prime Minister.

Research body attacks equal pay ruling

A STRONG ATTACK on equal pay decisions made by industrial tribunals comes to-day from the Labour Research Department, a Left-wing research organisation, which has analysed a number of tribunal cases since the implementation of equal pay and sex discrimination legislation at the beginning of the year.

The department claims that tribunals are so contradictory in their decisions that "equal pay problems are better sorted out in the work place and a tribunal used only as a last resort."

From its research, the department claims that while many tribunals establish that men and women are doing exactly similar work they go on to find "material differences" which deny equal pay.

The differences quoted in two cases were "responsibility" and "different obligations" although the department points out, the criteria were never used in the actual jobs.

Notice to Holders of 6¾% Convertible Debentures Due 1991 of MITSUBISHI CORPORATION (Mitsubishi Shoji Kabushiki Kaisha)

Pursuant to Section 4.03 (K) of the Indenture dated as of March 31, 1976 under which the above Debentures were issued, you are hereby notified as follows:

1. On August 25, 1976 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of September 30, 1976 in Japan (September 29 in New York City, London and Luxembourg), at the rate of 1 share for each 20 shares held.

2. Accordingly, the conversion price of the Debentures will be adjusted effective immediately after such record date. The conversion price in effect prior to such adjustment is Yen 491.00 per share of Common Stock, and the adjusted conversion price is Yen 467.60 per share of Common Stock.

Mitsubishi Corporation

September 15, 1976

Notice to Holders of 7½% Convertible Bonds Due 1990 of MITSUBISHI CORPORATION (Mitsubishi Shoji Kabushiki Kaisha)

Pursuant to Clause 7 (B)(1) of the Trust Deed dated as of May 13, 1975 under which the above Bonds were issued, you are hereby notified as follows:

1. On August 25, 1976 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of September 30, 1976 in Japan (September 29 in Kuwait and Luxembourg), at the rate of 1 share for each 20 shares held.

2. Accordingly, the conversion price of the Bonds will be adjusted effective immediately after such record date. The conversion price in effect prior to such adjustment is Yen 407.00 per share of Common Stock, and the adjusted conversion price is Yen 387.60 per share of Common Stock.

Mitsubishi Corporation

September 15, 1976

Hill Samuel Base Rate

Hill Samuel & Co. Limited announce that with effect from Wednesday, September 15th, 1976, their Base Rate for lending will be increased from 10½ per cent. to 12 per cent. per annum.

Interest payable under the Bank's Demand Deposit Scheme on sums of £500 up to £100,000 will be at the rate of 9½ per cent. per annum. Interest rates for larger amounts will be quoted on application.

Hill Samuel & Co. Limited
100 Wood Street
London EC2P 2AJ
Telephone: 01-628 8011

Bank of New South Wales

Base Rate change

Bank of New South Wales announce that with effect from September 16th 1976 its Base rate for lending will be increased from 10.5% to 12% per annum.

Bank of New South Wales
29 Threadneedle Street
London EC2R 8BA

Standard Chartered

announces that with effect from Tuesday, September 14th the following annual rates will apply

Base rate 12%
Deposit rate 8½%

Standard Chartered Bank Limited

The Management Page

EDITED BY JOHN ELLIOTT

WOMEN IN EMPLOYMENT BY SUE CAMERON

Part-timers alter the market

THE LAST five years have seen a dramatic increase in the number of women joining the employment market. Not only are there far more women working —especially in part-time jobs— but the latest Government statistics show that there has also been a big jump in the number of women registered as unemployed. As yet it is too early to give any hard and fast explanation for this phenomenon, but the initial evidence suggests there are a number of factors involved.

The figures compiled by the Department of Employment show that between 1972 and 1975 the total number of women at work rose by 642,000. During this period the number of full-time female workers dropped from 5.45m. to 5.42m. but the number of part-timers went up from 2.8m. to 3.5m. And while women represented only 38.4 per cent. of the total workforce in 1972, by 1975 this figure had risen to 40.3 per cent.

At the same time the number of unemployed women has recently risen at a considerable rate. From 1971 until 1974 women represented a steady 15 per cent. of the total number of unemployed. In 1975 this figure leapt to 19 per cent. and provisional statistics for this year show that it went up to 21.1 per cent. in January and stood at 24 per cent. last month.

Recession

This proportionate rise in the number of women looking for jobs started before the recession but the economic downturn has probably encouraged the general trend. Government restrictions on pay rises and the general increase in unemployment will have hit the earnings of the *main breadwinner in many* homes and some women may have started working in order to supplement the family income. Another contributory factor—admittedly a small one —could be that job centres are often situated in the high street where they are more likely to be used by women than men.

A more significant cause may lie in the balance between part-time and full-time women workers. It is evident that the demand for part-timers has risen considerably and the demand itself could have created a larger supply.

Married women in particular might well respond to a local campaign for more part-time workers even though they would not go hunting for a part-time job on their own initiative and would refuse to consider a full-time post.

One effect of this trend is to increase the number of women registered as unemployed. Those who register are all seeking full-time jobs and if these women feel they are being pushed out of the market by the burgeoning number of part-timers they are much more likely to go and register than to wait at home hoping for something to turn up.

On the other hand the increase in the number of women working part-time may just reflect a general trend. For although there are far fewer men doing part-time jobs than there are women, the statistics show a 16 per cent. increase in the number of male part-timers between 1972 and 1975. In the same period the number of men in full-time employment also declined.

Perverse as it may seem the increased demand for part-time women workers may have been partly caused by the Equal Pay Act which came into force in December last year. During the run up to the Act until December female labour became progressively more expensive. Women workers had to be given the normal annual pay increase —many received the legal maximum of £6 a week — plus a special rise to bring their wages into line with those of the men. And as a result industry started looking for ways of cutting this extra cost.

Under the law it is much harder to compare the similarity of part-time jobs than full-time ones simply because there are so few men in part-time employment. By increasing part-time opportunities for women, employers could thereby avoid some of the economic consequences of the new law.

As the novelty of equal pay wears off and higher rates for women became the norm in all sectors, any tendency to recruit part-timers instead of full-timers on the grounds of cheapness is likely to disappear. But the ripple effects of the new law may take some time to make themselves felt.

The rise in the number of jobless women can be largely explained in terms of the general slump in business. Traditionally the vast majority of female workers has been found in the distributive and service industries rather than in manufacturing. In normal times the labour market in these areas has been relatively stable but in the last few years these industries too have been affected by recession and large numbers of women have therefore been made redundant.

The comparatively small number of women employed in manufacturing — about one seventh of the female labour force — has fared little better. The majority is composed of production line workers and *when cutbacks have to be made* they are usually the first people to go.

In addition many companies have last-in-first-out agreements with the trade unions which generally operate to the disadvantage of women workers. For most women take some time off to bring up their families and are therefore unable to build up long years of service.

But there is a strong possibility that this situation could be changed as a result of the anti sex discrimination laws. Women who work in the same place for a long time with only a few breaks for child-rearing may well win the right to have their different periods of employment regarded as continuous service when it comes to redundancy and lay offs. And if this does happen employers are unlikely to object.

For according to the CBI many companies prefer women workers to men. It is thought that women work harder and are more loyal than their male counterparts. They also cause less trouble because fewer of them are unionised and on the whole they are not particularly militant.

This favourable view of *female workers allied to the new* laws on equality has led some employers to forge ahead with training and development schemes for women. But it is debatable whether or not this will have much effect on female employment levels, because while some women will welcome increased opportunity and responsibility others, especially those who are married, will probably do their best to avoid it.

One other factor which may affect female participation in the employment market is the payment of national insurance contributions. Last year the regulations were changed so that part-time workers would be able to pay a graduated contribution instead of a flat rate. This meant that many people were paying less than before and this may have encouraged more women to take up part-time jobs.

Full stamp

On the other hand married *women who return to work* after a break of two years or more will have to pay for a full insurance stamp from 1978 onwards. They will be unable to opt out and rely on their husbands for benefit and the effect could be to deter some women from working at all.

The statistics show that the greatest number of women registered as unemployed are in the 18 to 24 age group while the highest percentage of jobless men are aged 25 to 39. This could reflect the changing attitude towards women and their position in society that has taken place during the last decade and which would be more likely to show itself in the employment patterns of younger people.

But hardened male chauvinists who persist in believing that women should stay in the home can still draw a certain grim satisfaction from the statistics on female employment. For there is some evidence to show that when women take on the stresses and strains of traditionally masculine jobs they also run a *greater risk of* succumbing to traditionally masculine illnesses such as ulcers and coronaries.

PEOPLE IN EMPLOYMENT

Great Britain	1972 1,000s	Annual change %	1973 1,000s	Annual change %	1974 1,000s	Annual change %	1975 1,000s
Total females	8,331	+4.5	8,705	+2.6	8,933	+0.4	8,973
Females, full-time	5,454	+1.6	5,542	−0.5	5,512	−1.6	5,422
Females, part-time	2,877	+9.9	3,163	+8.2	3,421	+3.8	3,551
Total males	13,319	+1.2	13,478	−0.9	13,363	−0.9	13,240
Males, full-time	12,719	+0.7	12,812	−1.1	12,674	−1.0	12,543
Males, part-time	600	+10.8	665	+3.6	689	+1.2	697
PERCENTAGE RATES OF TOTAL UNEMPLOYED							
Females	1.3	1.5	1.1	1.0	1.9	2.7	3.3
Males	4.5	4.9	3.5	3.5	5.2	6.7	6.9

Source: Department of Employment

Callaghan to attend BIM dinner

Mr. James Callaghan, the Prime Minister, is to attend a British Institute of Management Council dinner on October 6, the day that the BIM plans to launch itself as a representational organisation.

The change in the BIM's role will require it to renounce its charitable status and resolutions to implement this will be put to an extraordinary meeting on the day of the dinner.

Sir Frederick Catherwood, who retires from the chairmanship of the BIM on the same day, says in the institute's annual report for the year 1975-1976, that with the change in the BIM's constitution the way will be open to establish closer liaison with other professional bodies by widening existing dual membership with them.

The BIM Council is determined to maintain the unity of *the institute as a professional* body, he says. Since its numbers are not large it can only gain a hearing on the grounds of professional knowledge and experience.

During 1975-76, the institute's individual membership passed the 50,000 mark, although as a result of company takeovers and mergers the corporate membership declined from 13,205 to 12,628. Despite increased income, expense rose even more leaving a deficit of £88,224, compared with a £83,779 profit in 1974-75 although after transfers from reserve a surplus of £10,45· was shown, with the accumulated surplus being £227,303.

NICHOLAS LESLIE

BUSINESS LAW

Attitudes to collusion

BY A. H. HERMANN

COLLUSIVE tendering is not a new phenomenon. I am convinced that even in ancient Egypt pyramid contractors used to hold secret meetings to decide whose turn it was to be successful in the latest tender, by fixing the price of the bids *and what cuts should be given* by the "successful" to the "unsuccessful" bidders.

One would be inclined to assume that since that time governments have been doing their best to frustrate such practices. Yet a quick look round Europe reveals that this is not so. While in Germany companies run a risk of being fined for taking part in collusive tendering, in Belgium they run a greater risk of being fined for not taking part in it. In the U.K. and in the Nordic countries they could run into *difficulties and fines* if they persisted in the practice after being told not to.

But in the rest of Europe companies do not have to fear more than some eyebrow-raising unless they are so careless as to expose themselves to civil and criminal proceedings for fraud or perjury—for example if they collude with other companies after accepting conditions of a tender expressly excluding agreements and exchange of information between bidders.

Fairness

The latest report of the Organisation for Economic Co-operation and Development, entitled "Collusive Tendering," emphasises the need for fairness and for restraining corruption at a time when the public sector of many countries accounts for the largest single share of construction work and the State is the largest purchaser of goods and services.

The report recommends that at least in those sectors where concentration has reduced the number of possible suppliers of a given product, public buyers should make wide use of international competition, not merely for the purpose of comparing *prices abroad, but also to dis*suade national producers from collusive practices. In this connection it must be noted that though collusive tendering clearly is prohibited by Article 85 of the Treaty of Rome, the EEC Commission has so far prosecuted *in only one case* and that concerned sugar export refunds, from EEC funds.

As the CBI has already pointed out, the Commission's proposals for opening up public contracts to bidders from all member countries are unlikely to be successful and that instead of relying on advertising *tenders in the Official Journal*, the EEC should set up an effective machinery for investigating complaints alleging discrimination. That collusion between local suppliers can eliminate foreign competition is fairly obvious.

While the U.S. boasts of strict rules and their vigorous enforcement, European countries can be divided into those which have legal difficulties in combating collusive tendering, those that enforce them only gently and those which obviously take a benevolent view of the *practice*.

Of all the European anti-trust agencies the German Federal Cartel Office has shown the greatest zeal for the suppression of collusive tendering and attracted publicity in 1973 by its dramatic raid on some *2,000 building contractors*, 336 of which were last year fined a total of DM35.9m. (about £7m.).

Collusive tendering is considered by courts to be a special form of a prohibited price cartel but the difficulty often arises in proving that the agree*ment has actually been put into* operation. Indeed, parties often take care to make proof difficult by operating the tendering agreement with small individual deviations. On the other hand, the Cartel Office scored an important victory when the courts accepted that a system of notification to the trade association constituted a form of collusive tendering.

In the U.K. collusive tendering falls within the restrictive practices legislation requiring the registration of price fixing agreements. A *major investiga*tion which started in 1968 established the existence of 90 collusive agreements concluded between electrical installation contractors in the period 1963-1969 and 71 of these were referred to the Restrictive Practices Court which ordered the parties to refrain from similar action in the future.

Last year the Office of Fair Trading disclosed that over the preceding 10 years the supply of telephone cables to the Post Office had been subject to *collusive arrangements between* the four suppliers which virtually control the entire market.

In addition to the investigations by the Fair Trading Office, tenderers are reminded of their obligations by being asked to sign a declaration that they will not take part in any collusion.

Nordic countries' legislation prohibits collusive tendering which is considered to be a particularly grave offence—in Sweden only resale price maintenance and collusive tendering are assumed to be against the public interest without further proof being required—but the enforcement of this rule is no more severe than it *is in the U.K.*, perhaps even less.

Prohibited

In France collusive tendering is considered to be a prohibited cartel but enforcement is rare, slow and ineffective. The tendency is to agree limits of permissible "concerted action" within the industry — for example, this has been the result of the Petroleum Products case involving major petrol distributors and which was concluded in 1973.

In Benelux countries, the tendency to leave matters in the hands of industry led to an almost total elimination of competition for public contracts. In the Netherlands "occasional" agreements relat*ing to individual tenders* escape the obligation to notify the authorities—this applies only to cartels concluded for periods exceeding one month. But though there were no prosecutions under the Economic Competition Act, proceedings *against the grosser abuses* of "occasional" agreements were started under the Civil and Criminal Codes. This prompted the industry to organise collusive tendering through trade associations. As model served the "directives" of the *South Netherlands Contractors* Association which obliges all companies intending to participate in public tenders to clear their bids with the association and to raise the price if it is found to be "low key."

The same model has been fol*lowed in Belgium by numerous* widely publicised cartels of which the best known are the regional CHARPRO cartels of building contractors, by regulating prices of bids, levying from successful tenderers' contributions to cartel funds and compensation of unsuccessful competitors, and enforcing the rules by fines.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Tax on overseas dividends

A small part of my income is in the top class bracket and includes income from overseas, *mainly Australia. I am advised* by my Tax Inspector that he cannot allow collection costs of overseas dividends as I am not being assessed under Schedule D. Dividends have to be taxed on the grossed up value of the dividend received overseas with allowance only for Withholding Tax (but not Underlying Tax) deducted overseas so that I pay 98 per cent. on the dividend paid with no allowance for bank collection charges at both ends, remittance charges etc., which, in the case of small dividends, can cost 5 per cent.

Is the only answer to avoid being out-of-pocket to waive dividends altogether with consequent loss of foreign exchange and tax to this country? Even if I waived overseas dividends could I still be held liable to tax or be in breach of exchange control regulations?

There may be some way to bring the tax burden on your *Australian income down to 100* per cent., or even to 99 per cent., but you do not give us much information to go on. Exchange control regulations will (almost certainly) prohibit waivers, but it may be possible to arrange for small dividends to be realised in packets, so as to reduce collection charges. Generally speaking, tax relief is available for collection charges incurred outside the U.K. and for the cost of bringing the income to this country: indeed, Section 122 (1) (a) of the Taxes Act says that "in the case of income not received in the United Kingdom" you are entitled "to the same deductions and allowances as if it had been so received." No tax relief is available for collection charges incurred after the income has arrived in the U.K., but generally these U.K. bank charges are small. We cannot make specific recommendations without more data, but your bank may well be able to help you to keep the disallowed collection charges below 2 per cent. of your taxable income.

Preference share rights

Two of us hold the majority of the cumulative redeemable preference shares in a company where the dividend is over 12 years in arrears, in consequence *of which we could control the* voting at the AGM. Until the 1973 accounts these shares were always shown as 7½ per cent. together with arrears of dividend but in the 1974 accounts they are shown as 5¼ per cent. and the arrears have gone from approximately £5,000 gross to £3,000 net. How can the auditors alter things like this? What should we do?

The company, and therefore its accountants/auditors, cannot unilaterally alter the rights attached to preference shares. It may be that the auditors believe the 7½ per cent. Redeemable Preference shares to have been redeemed and a new issue of 5.25 per cent. Preference shares issued in their place. You should at once make enquiry of the company secretary, pointing out (if such be the case) that you have had no notice of any meeting called to propose any alteration of rights.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, SEPTEMBER 15, 1976

The cult of personality

WHEN Mr. Jim Slater resigned from Slater Walker Securities in October of last year, the outside world was generally unaware of the financial crisis which had overtaken the group. The fact that the Bank of England made considerable sums available to keep Slater Walker afloat was not disclosed until yesterday, with the publication of a summary of the accountants' report. Whether intervention on this scale was necessary to protect the interests of Slater Walker's unit trust and policy holders is perhaps debatable, but the collapse of the group as a whole would have had serious effects on financial confidence in London and elsewhere. But the really damaging aspect of the report is its description of the imprudent and even amateurish way in which the group's affairs were managed, especially in the investment and banking fields. It is disturbing to investors and the public that a financial empire of this size and reputation could have been built on such shaky foundations.

Authorities

Slater Walker thus joins the list of companies which geared themselves up during the bull market to invest on a large scale in property, shares, and an assortment of industrial and financial companies of varying worth, only to come badly unstuck when the market turned against them. The provisions which Slater Walker has had to make are not as large as those made by some other secondary banking concerns, but there are several features of this case which should be of special concern to the regulatory authorities.

One is the role of Slater Walker Limited, the "in-house" bank which existed primarily to service the needs of the group and its clients. Perhaps because of the close relations between the bank's customers and Slater Walker itself, there was a tendency to take an over-optimistic view of the management of the companies to which loans were made. This may have led to other weaknesses referred to by the accountants, notably the decision to make certain very large loans whose size was out of proportion to the resources of SWL.

The recent changes in the Bank of England's arrangements for bank supervision should ensure that in future weaknesses of this kind are quickly spotted and corrected. While there is no objection in principle to an "in-house" bank, it may be that banks which are part of large financial conglomerates, with complicated networks of subsidiaries and associates, need watching with special care. This applies particularly in cases, like Slater Walker, where the independence of the bank is seriously limited by the dominant influence within the parent group of a single individual.

Dominance

The dominance of Mr. Slater was also apparent in the insurance division, where the selection of investments was his responsibility; the dealings were not even ratified by the Board or the executive committee. There were "too many holdings of portfolio investments of questionable value," according to the accountants, many of them in companies whose managements were well known to and well thought of by SWS. The fact that these and other weaknesses in the investment portfolio did not become apparent to the Department of Trade (which received quarterly portfolio analyses from the insurance division), suggests that here, too, the regulatory system may need to be strengthened.

Perhaps the Department was dazzled by Mr. Slater's reputation and believed, like most other people, that his investment touch was unerring. Mr. Slater was unusual in his flair for public relations and in the uncritical admiration he excited in investors, analysts and financial journalists. A comparison of image with reality, which yesterday's report makes possible, shows how alarmingly easy it is for normal criteria of prudence and sound management to be submerged by the cult of personality.

Trade swings and roundabouts

THE substantial and very welcome improvement shown in the August trade figures was generally expected by economic forecasters: but not, it seems, by the market, which sold the pound down heavily ahead of the figures, only to see it revive again until worries about the seamen's dispute supervened. A nervous market can manufacture its own rumours, and it seems that the market had convinced itself that the appalling figures for July showed a rapidly worsening trend, rather than an erratic monthly movement round a stable or even improving underlying balance.

There are in fact strong grounds for expecting some improvement in the underlying balance, and possibly a strong one, in the coming months, quite apart from such erratic factors as the arrival of oil rigs—or even, on occasion, their movement across the invisible frontier in the North Sea (which is recorded as an export). The North Sea itself should be contributing some £80m. a month by the end of this year—a sum which will rise, according to the National Institute, to an average of £200m. a month in 1977.

Seasonal problems

The North Sea is also affecting the figures in another way. Experience of exploration there is so short that the statisticians in the Department of Trade have been unable to calculate a seasonal adjustment for the associated expenditures — not only oil rigs, but a substantial volume of other supplies. This expenditure has a strong summer peak, but the figures have in fact simply been added, month by month, to the seasonally adjusted total for other imports. This has the effect of making the trend look worse than it really is in the summer, and correspondingly better in the winter months. The trend is likely to appear to be improving in the next few months, even if in fact it is not.

There are in fact some other bullish factors to be taken into account. The volume figures just issued show a fairly sharp drop in the volume of exports of manufactured goods. This is a direct contradiction of numerous industrial surveys made by the Confederation of British Industry, by this newspaper and by other bodies which show export demand as rising strongly, and past experience shows that such reports from industry are a more reliable indicator of long-term trends than can be obtained from the partly random swings in the monthly trade figures. There may be a further problem of seasonal adjustment here; compared with the third quarter of 1975, export volume is up by a little over 10 per cent., rather above trend growth.

Rapid response

Since the terms of trade have now returned to their 1975 average, showing an unusually rapid response in British export prices following the decline in sterling, there is nothing to prevent rising exports and North Sea production coming through powerfully in the future trade figures. Imports, on the other hand, have also been growing rapidly both in volume and in value, after remaining at an abnormally low level until March: but these figures are heavily influenced by temporary factors—imports of oil platforms, and most recently by rising food imports to replace domestic output lost to the drought—and the figures almost certainly overstate the trend. As long as domestic demand remains so depressed, import growth is also likely to be sluggish.

A strong recovery in the U.K. balance of payments should in fact occasion no surprise; with demand rising much more rapidly in export markets than at home, it has taken a powerful combination of low confidence and economic mismanagement to achieve a large deficit in these circumstances. A recovery will not unfortunately mean that any of the other fundamental problems of low growth, inflation and inefficiency have been resolved; but it does seem safe to say that the trade figures of recent months have made matters look even worse than they are.

What went wrong at Slater Walker? An analysis by **Richard Lambert**

Rise and decline of a City wizard

ON May 30, 1974, Mr. Jim Slater lectured a crowded Slater Walker annual general meeting of over 600 shareholders on the merits of cash. He appeared then to have grounds for complacency—to the extent that even now the extent of the group's subsequent financial difficulties will come as a surprise.

After all, the Slater Walker unit trusts had spotted the market turning point earlier than practically everyone else in 1972, and by the end of 1973 had built up their liquidity to 35 per cent. or more. The Slater Walker group itself had been selling assets at an accelerating rate—realising over £40m. in the first few months of 1974 alone.

As the stock market plunged down to the disaster level of January 1975—when the FT Industrial Index fell to 146.0—Mr. Slater's formidable market expertise appeared to have been confirmed once again. "In to-day's difficult financial conditions, and in spite of the present rate of inflation," he had told the meeting the previous May, "cash remains the optimum investment for the major part of your company's available resources."

But at the end of 1975, only the intervention of the Bank of England prevented Slater Walker from being dragged down by the insolvency of its banking arm.

The key to this apparently abrupt reversal of fortunes is to be found in the early stages of the group's development. It built itself up in the latter part of the 1960s on the back of a wide variety of situations, in the days when what came to be known as asset stripping qualified for more elegant descriptions, like rationalisation or "synergy." As Slater Walker grew bigger, and public opinion started to turn against this kind of entrepreneurial activity, the asset trading interests were hived off into various satellite companies, and Slater Walker—always ready with a handy catch-phrase—turned to a process of "de-conglomeration."

Banking, insurance, property and investment then became the name of the game, which was illustrated in its most impish form in January, 1972, when the group launched what was to become known, unkindly, as the dustbin trust, an investment trust in which some of the group's less marketable securities were sold off to the public at high prices.

By the spring of 1973, Slater Walker was ready to propose a merger with the Hill Samuel Group, which would create "a truly effective international financial group with enhanced strength and potential in all areas of commercial and investment banking and in a wide range of insurance, shipping and property activities."

But for all these lordly ambitions, to-day's accountants' report makes it clear that Slater Walker remained essentially a dealing operation. In spite of its rush for cash between 1973 and 1975, it still relied on dealing profits to finance substantial investments in low or non-income producing assets.

Thus in the autumn of 1975, over a quarter of the group's £190m. capital employed was still represented by "general investments and associated companies." The associates were producing an average dividend yield of just 2.3 per cent., and far from producing capital profits to offset this low return around 25 per cent. of the book value of these investments had to be written off by the year end.

This cash flow drain could, perhaps, have been carried if the banking and insurance divisions had not been so closely interlocked with the rest of the group. But the banking business, according to the accountants, was regarded by the SWS Group as an "in-house" operation, whose prime function was to service the needs of the group and its clients. Three-quarters of its £91m. advances last October were made to companies in which SWS had, or previously had held, an interest, or to individuals to finance shareholdings in such companies.

So when an investment went wrong, the group had to make substantial provisions in respect of loans as well as writing down its holding in the equity.

Spectacular examples of the risks involved in this policy of interlocking interests include the group's dealings with Charles Spreckley. Slater Walker acquired nearly a third of the company in 1972, and then built it up via a reverse takeover for Associated Development Holdings, which had a large holding in Town and Commercial. Slater Walker lent substantial sums to Spreckley, its main security being the holding in Town and Commercial. This involvement has required a write-down of £15.5m.

Again the largest single provision required against the group's general investments was £5.6m. in respect of Equity Enterprises. On top of this, the banking division has also had to make a provision of £5m. or more against its advances to this business.

The domino effect of its interlocking interests can also be seen in the insurance companies, where Mr. Slater exercised a dominant role in investment policy. Remarkably, the insurance management had no influence whatsoever on the selection of investments provided they fell within certain broad parameters, and these dealings did not have to be approved by either the Board or the executive committee. Fortunately for policyholders, the parent company had granted an option to the insurance business in respect of some of its worst investments; this meant that holdings in Tremletts and Spreckley could be transferred back to SWS at the price at which they were suspended on the stock market.

What made matters worse was the structure of the bank's loan book, which can hardly be reconciled with Mr. Slater's emphasis in his 1973 report on the need for "exceptional prudence" under the unstable conditions then prevailing in the banking business. In the first place, the bank's lending was concentrated to a dangerous extent. Its four largest loans accounted for 51 per cent. of the portfolio, and a further 16 loans took up another 31 per cent. Two-fifths of its loans included arrangements for the rolling up of interest by clients. Two-thirds of its portfolio had an expected repayment date of over two years.

Slater started pulling out of the Far East during the summer of 1973. One of its first moves was to sell its 46 per cent. stake in SWS (Hong Kong) to Haw Par, in which it already had a major shareholding. Slater Walker itself helped to finance Haw Par's acquisition with a short-term loan, which—following Haw Par's failure to raise a syndicated loan elsewhere — was subsequently changed into a five-year loan of US$16½m., plus a standby loan of $13½m., of which Haw Par took up $12½m.

The dispute between Haw Par and Slater Walker over the repayment of this loan was a prime pre-occupation of the new chairman, Sir James Goldsmith, during the earlier months of this year. In the end, he settled for full repayment of the standby loan, and $8m. in respect of the $16½m. of five-year lending.

In this way, the exposure to the volatility of the Far Eastern market had been simply transferred from Slater Walker's portfolio investments to its banking business.

Slater Walker remained throughout an organisation which was heavily dependent on dealing profits which were generated largely as a result of the flair of its chairman, rather than by a broadly based management structure within the banking and other financial interests which appeared to be expanding so rapidly.

Once this is recognised, the important question is not why Slater Walker ran into financial difficulties with around £70m. of non-income producing assets. A crisis was practically inevitable once the speculative bubble burst. The question is how this basically unstable operation was able to hold out for as long as it did considering that the collapse of the secondary financial market hit other groups, like Jessel Securities, very much earlier.

Admittedly, the share price was telling a sinister story throughout most of 1975. But auditors Arthur Young McClelland Moores gave the 1974 accounts a clean bill of health. The annual meeting in June was told that "survival is now assured," and the interim statement in August gave no hint of the earthquake to come.

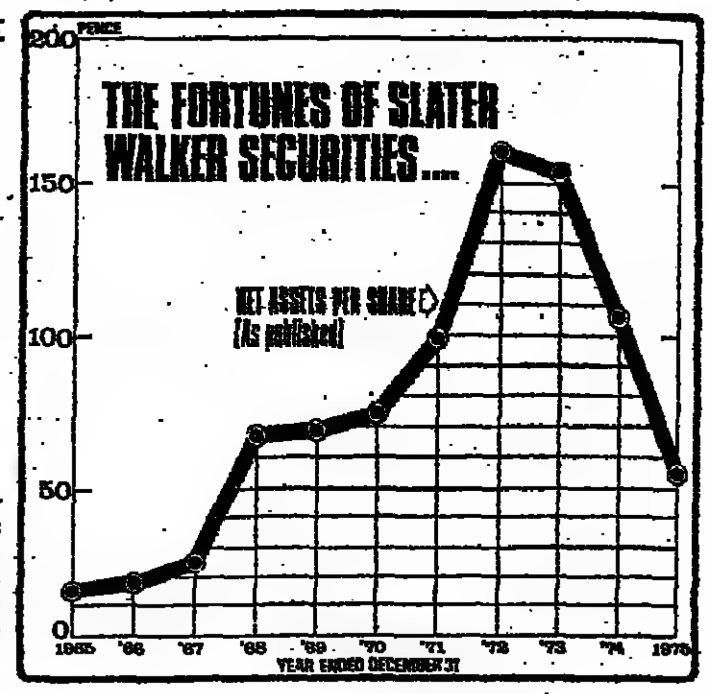
It is now clear from to-day's report that Slater's position was deteriorating rapidly throughout this period. The accountants suggest that optimistic assessments were made by the bank in the 1974 accounts regarding the ability of managements of some of the companies which had received loans, as well as the likely course of property prices and unsupported guarantees. More seriously, they suggest that the interim statement would have disclosed a loss if advances had been reviewed in order to assess any provisions which might have been necessary—a procedure which they regard as "appropriate" in banking groups. This interim statement was unaudited, but was approved by all the then directors of Slater Walker Securities.

As the year progressed, Slater Walker's efforts to sustain the position became increasingly obvious. In July, offers were made to its loan stock holders to exchange their investment for new paper — which offered higher immediate income but imposed significantly less tight constraints on the group's borrowing powers. Said to be "fair and reasonable and in the interests of the holders of the existing stocks" the offer was worth just over £80 nominal: just before the end of the year, holders of the one stock that resisted the proposals had to be offered par, £100.

The accountants give one brief glimpse into the internal morale of Slater Walker during the final days of the old regime. A director was advanced £500,000 after it had been decided that he would leave the group: the extraordinary reasoning behind this loan, it seems, was to enable him to buy shares in a company which he planned to develop with the intention of improving the inadequate security for an earlier loan.

But the days of this kind of speculative juggling were already well and truly over, at least for one generation of City operators. Mr. Jim Slater had seen the signs of the financial collapse, but in the end he had been unable to do enough to avoid the danger. His words at that 1974 annual meeting had a prophetic ring:

"Many people in recent months have found you cannot always turn property into cash, you cannot always turn large lines of shares into cash, you cannot always turn pictures into cash. Cash you can always turn into other things."



Freddie Mansfield and Ashley Ashwood.

Mr. James Slater (left) on May 30, 1974, when he said "We are now in a very positive cash position"; (right) on October 24 last year when leaving his company headquarters after resigning.

MEN AND MATTERS

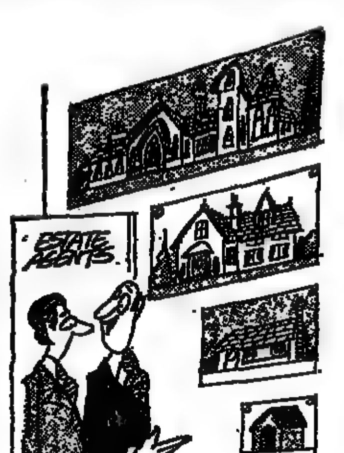
SWS: the paintings picture

An interesting sideline to the Slater Walker affair relates to the paintings held by the group as an investment. The small print in yesterday's document shows that the Board has decided to write down the value of the remainder of the collection (a number have already been sold) by 50 per cent. This reflects a revaluation of the collection on the basis of sales already made.

The peripheral nature of this particular exercise is indicated by the sums involved: a write-down from £700,000 to £350,000 is hardly the most important of the issues included in yesterday's report. Nevertheless the background does hold a certain amount of fascination.

For a start Jim Slater himself played a major role in the selection of the paintings and prints in the collection. Quite what is left now no-one is keen to say — if you are a seller in the art market today you play your cards close to your chest — but the original collection amounted to over 100 oil paintings, water colours, and prints. Included in this varied selection were a number of English landscape scenes painted around the turn of the 18th century and, it is believed, a number of the works of L. S. Lowry. Another artist to figure prominently was F. W. Watts.

The reason for the write-down is that many of the paintings were bought at the top of a market which has since fallen away. But in the case of a number of the works involved the group is lucky to have them in the balance sheet at all: in 1970 thieves cleaned out the SWS picture gallery, but the paintings were subsequently recovered.



"We have properties appropriate to any mortgage rate!"

Swapping stunts

As a rule, I dislike stunts. But there is a certain quality about the way one British and one American company have gone about mutual back-slapping. John Ratcliff runs the private John Ratcliff (Tail Lifts) group which has been fixing up cross-licensing agreements with Maxon Industries of America. John Ratcliff went over to Los Angeles, and was highly impressed at being driven by Cadillac across the city with a police outrider escort. Later a 120-strong band turned out at a Maxon party for some 60 guests.

This week, Larry Lugash, executive vice-president of Maxon (and looking a bit like the young Groucho Marx) came to London. Ratcliff's restless imagination came up with an appropriate reception: he borrowed an immaculate pre-war Austin Seven from his local butcher to ferry Lugash from Heathrow to a central London hotel and a welcome from a pearly king and queen.

The Ratcliff company and Maxon have unusually similar backgrounds in that their principal products were developed by the fathers of the existing bosses. In 1948, the late Edward Ratcliff perfected vertical tail lift equipment for lorries, a market which the Ratcliff group now dominates.

Max Lugash prided himself on being an inventor, though his successes had been few until in 1956 he dreamed up and built a fold-away lift system for commercial vehicles. He and his sons Larry and Murray then set up the Maxon business.

The cross-licensing deal means that Maxon will make Ratcliff lifts and Ratcliff will produce fold-aways, though it seems the market in the latter is liable to be a slow-growing one here.

Both companies make much of their identity of interest, and another area may be explored soon. As I have noted before, the Ratcliff group owns 80 per cent. of Advanced Vehicles Systems, a company concerned with electric vehicle development. Larry Lugash's eyes twinkle behind the Groucho glasses when he points out that the number of electric commercial vehicles in use in the U.S. is still tiny.

Wellcome's business hand

The elevation of Alfred ("Shep") Shepperd, 51, to be chairman and chief executive of the Wellcome Foundation, the pharmaceutical and chemical group which claims on the basis of over £150m. capital employed to be Britain's biggest private company, is not exactly a surprise but it does mean an interesting shift in expertise at the top.

Shepperd's background is firmly in finance and industry. His first 13 years at work were with Rank Organisation, being chief accountant for various group companies. He spent some time in textiles then went to merchant bankers Keyser Ullmann where he was managing director of the bank's industrial company.

His retiring predecessor as chairman is Andy Gray. He took a degree in chemistry at Oxford and started out with Unilever. He has been a Wellcome man since 1952 and chairman for the past five and a-half years.

The Wellcome group was founded in the 1880s by a couple of American-born pharmacists who became U.K. citizens — Silas Burroughs and Sir Henry Wellcome. The latter, who died 41 years after his partner in 1936, did much pioneer work in establishing research facilities. Under his will, the Wellcome Trust was set up to distribute dividends from the Foundation for research. Some £27m. has been received by the Trust over the years, the annual rate currently being £4m. (the Foundation's latest pre-tax profits were just under £29m. and £16m. was spent on its own 1974-75 research).

Although the chairmanship now passes from the hands of a trained scientist, the Foundation stresses the growing strength of its "traditional" side in the charge of research and development director, Dr. John Vane, who joined three years ago from the Royal College of Surgeons.

Mod. con.?

I know decent property's getting harder to find, but is that any excuse for a West London estate agency to advertise a "specious flat for sale?"

Observer

Swedish socialist crisis

From Stockholm **William Dullforce** reports on the outlook for Sunday's election.


Mr. Palme (left) and his rival for the premiership, Mr. Fälldin (right).

THE SWEDISH Social Democrats are fighting for survival in power after 44 uninterrupted years in Government. Sweden represents the world's most advanced, most successful and most prosperous example of reformist socialism. Yet the non-socialist opposition is scenting victory in Sunday's general election, which, narrow as it would be, would also be historic.

Not that that victory is by any means sure. Lately, the Social Democrats have been regaining ground, and the campaigning has taken a surprise twist over the last three weeks into nuclear power policy, where public opinion does not divide along party lines, and is difficult to assess. The Social Democrats fell to a 40-year nadir of 38.5 per cent. of voter support in April, when they were hurt by the departure abroad of Mr. Ingmar Bergman, the film director, who said he was being victimised by the tax inspector, and the complaint of Miss Astrid Lindgren, the popular children's author who said her taxes were exceeding her income.

But the Social Democrats' poll rating had recovered to 42.5 per cent. by the end of August. The gap between the non-socialist opposition and the combined Left had shrunk from 11 to four percentage points with the Communists apparently holding on to the 4 per cent. that will ensure them of renewed representation in the Riksdag. A further gain of two percentage points for the Left would be enough to keep the Social Democrats in power.

But the poll in August was taken before Mr. Thorbjörn Fälldin, the Centre Party leader and challenger to Mr. Olof Palme for the premiership, had reshuffled the electoral cards by announcing categorically that any Government he headed would alter the nuclear programme and by 1985 close down the five reactors already operating. Mr. Fälldin is deeply convinced that nuclear power is dangerous. He took his stand without consulting either of the other non-socialist parties, the Liberals and the Moderates (conservatives), both of whom with minor reservations had backed the Social Democratic Government's plan to build eight more reactors.

Mr. Fälldin's admonitions have stirred up doubts which conflict with party loyalties on both sides: for the last two weeks nuclear power has been the most hotly debated electoral issue, yet no political expert has yet hazarded his reputation by attempting to estimate the effect on the final result. The debate has produced two more public declarations of defection from the Social Democratic side by leading authors, but the effect at the grassroots, if any, is less evident.

Prosperity

The nuclear issue is the most prominent instance of how this campaign has defied the plans of the main protagonists — with the exception of Mr. Fälldin. Mr. Palme wanted a low-key, "don't-rock-the-boat" campaign, centred on the Social Democratic record, the security and prosperity which 44 years of their rule have created for Swedes, and on the more recent economic management, which has kept unemployment at bay during the world recession. For the three non-socialist opposition parties the theme to hammer home has been that under Mr. Palme Social Democracy is leaving the reformist path acceptable to the majority of an essentially conservative people and is heading for dangerous, doctrinaire grounds. They were furnished with ammunition when the trade union federation (LO), at its congress in July, formally adopted a proposal to introduce collectively controlled "wage earners' funds." Employers would have to contribute equity shares in their enterprises to the funds in proportion to their profits. The details are still under discussion, but the implication is that the funds would gradually acquire majority control over industrial and commercial enterprises.

Mr. Palme has been kept on the defensive since April, when the Bergman and Lindgren cases spotlighted the excessive levels of direct taxation and the authoritarianism inherent in the control system attached to it. He has not succeeded in postponing discussion of the proposed wage-earners' fund on the grounds that the final proposal would be formulated only in time for the next election. At the same time the opposition has been sidetracked from its onslaught on socialism by Mr. Fälldin's insistence on making nuclear policy the key issue and the three opposition parties have failed to co-ordinate their "stop socialism" theme.

Somewhere at the heart of the election campaign is a debate about the future of Swedish socialism, which the Social Democrats have been seeking to avoid and in which the opposition cannot be said to have pinned down Mr. Palme and his colleagues. Yet the time would seem to be ripe for some such fundamental reappraisal by Swedish voters.

Swedish socialism has been reformist, proceeding not by nationalisation of industry but by controlling economic functions through taxation, investment regulations, and social legislation. That has avoided class conflict and maintained an effective relationship between owner and employee. The piecemeal social engineering has been genuinely democratic in that it has been generally understood and accepted by a majority of Swedes. Now, however, Swedish socialism would seem to be at watershed where doctrine may replace pragmatism and the mixed economy, on which Swedish wealth has been founded, could disappear.

The proposed wage-earners' fund implies gradual appropriation and a change in the ownership of all industry. Perhaps even more significantly it would create a new collective power centre. It is against this trend towards a greater concentration of power that many Swedes have started to react, at least at skin-deep level, and this could give the non-socialist opposition the chance of bringing about the change of Government it just failed to achieve in 1973. Then they dead-heated with the combined forces of the Social Democrats and Communists, allowing Mr. Palme to continue in office.

Despite exceedingly high standards of social discipline, Swedes are reacting against the growing bureaucratisation of their lives in a "cradle to grave" welfare state. The tax system is so complicated that some people break the law, involuntarily. But tax evasion has increased, and attempts to tighten control by extending tax inspectors' powers to enter offices and homes and seize documents have not been universally approved. Many Swedes are uneasy about the growing use of computers to register all their public and many of their private dealings: the data network now being built up would offer access at the press of a button to information giving not only a thorough picture of an individual's private business affairs, but also of his criminal, marital and medical records. There is dissatisfaction with a health system which has discarded the general practitioner and has been rationalised into large hospital units, where many patients feel that they are treated as impersonal packages by overworked staff.

There has been nothing like a general revolt and the situation should not be exaggerated. The majority of Swedes believe they have developed the finest social system in the world. They are proud of it and give the credit where it belongs, to the Social Democratic party. No alternative Government could seriously alter the social apparatus. It could not, for instance, in practice repeal the co-determination Bill passed this year, which gives workers potential far-reaching influence over management. Nevertheless dissatisfaction has been growing and has crystallised round Mr. Palme, who is by far the most intellectually convincing of Swedish politicians but is not a father figure like his predecessor, Mr. Tage Erlander.

The opposition has been trying to capitalise on this latent discontent. The Centre Party, which did so well at the last election on a platform of environmental protection and improvement, has been emphasising decentralisation this time. Mr. Göstra Bohman, the Moderate Party leader, has been calling for a more open society. The Liberals, under their new young leader, Mr. Per Ahlmark, have been campaigning under the slogan "social reform without socialism."

Nuclear

Mr. Fälldin's action is a danger for the opposition in that it reinforces the doubts the Social Democrats' cast on the credibility of an alternative Government, a theme which Mr. Palme is expounding more and more vigorously as election day nears. Mr. Fälldin wants to stop work on the five nuclear reactors under construction and to close down all five already operating; he believes the loss in energy can be offset by a concerted energy saving campaign, and he is prepared to pay compensation on the contracts for the five stations under construction. Of his potential coalition partners the Moderates have supported the Social Democrats' programme to build at least 13 reactors, while the Liberals have plumped for a total of 11. If he should win, Mr. Fälldin's intransigence could provoke a Government crisis only a couple of months after the election, when the new cabinet would have to decide on the fuelling of the second reactor at Barsebäck.

Wisely, the opposition has not this time tried to form a shadow cabinet, an exercise which would certainly once more demonstrate its internal divisions. Both the Liberals, who hope to regain votes lost in 1973, and the Centre Party have been sniping at the Moderates, whose support they would need to form a non-Socialist Government. Some Swedish observers seriously consider that, if the non-Socialists achieved a narrow majority, their differences could be so insuperable that the final outcome would be a coalition between the Social Democrats and the Liberals.

The position four days before election day is that, despite the Social Democrat's finishing spurt, the non-socialists can still hope for a famous victory. The oddity is that the victory may be won through an issue which, important as it is, is irrelevant to the fundamental political question of the future of Swedish socialism. And even if they do win, the non-socialists may be unable to change the Swedish system in any essential way.

Letters to the Editor

The seamen's grievances

From Mr. Ford Geddes.

Sir,—I think I may be able to add to David Churchill's thoughtful article (September 9) about the seamen's strike in 1966.

I was the employers' leader in 1966 and the following points may be helpful:

1—It is, of course, strictly true that we rejected the NUS claim but in doing so we made an offer after detailed negotiations which in the event, was only marginally below the basis on which the strike was finally called off.

2—In making his attack on the "tightly knit group" Sir Harold Wilson had, of course, the advantage of information not available to me. Nevertheless I knew enough wholly to support his statement. Whatever the rights and wrongs, we were without doubt witnessing an attempt by the extreme left-wing to gain control of the Union.

3—The arithmetic of the final settlement may appear "confused" in retrospect. I do not believe it so appeared to either of the parties at the time. It is worth recording that it was proposed by a committee of inquiry presided over by Lord Pearson. My recollection is that it was in two parts—one to take effect immediately, the other in 12 months' time. Thus it is not strictly true to say it was spread "over the subsequent two years."

4—To say that it (the settlement) "did little to settle the seamen's grievances about poor working conditions" is difficult to accept. It takes no account of the second Pearson investigation. The setting up of this was one of the terms of the settlement of the strike. I do not to-day have a copy of the report but I know its terms were very wide and it investigated any subject the NUS—or we—wished to raise. The final report (in about May, 1967) covered many subjects some of which needed industrial negotiation and some of which needed Government action. We discussed the report in depth with the Union and, while I don't suppose they got all they wanted, we did reach agreement on all those matters that needed a change in the law.

Thus it is hard to see the justification for the phrase "grievances which still remain."

Ford Geddes.

... Manor,
...mwick St. John,
Shaftesbury, Dorset.

An honest day's work

From Mr. A. A. Green.

Sir,—The solution to our economic problems has been put forward so many times and it is so obvious that it makes one despair of our so-called leaders and pundits, be they Tory, Labour or TUC who should be shouting it from the rooftops.

That solution is simply an honest day's work!

Periodic investigation shows that we have been slipping down the ladder and that to-day with the identical tools, the Italians, Spaniards, French, Germans, are producing more per man and generally of better quality. There are no better workman than the British but they have been misled and deluded over the years.

Given the right leadership and a restoration of the will to work they could double and treble our production. This would make us more competitive both at home and abroad. It would reduce prices and thereby reduce inflation. It would stimulate demand and thereby create jobs. It would increase our GNP and thereby enable our social services and benefits to be financed without difficulty.

We achieved miracles of production in the war and lately in the three day week. Why cannot it be the norm?

A. A. Green.

1, Leadenhall Street, E.C.3.

Unions and pension schemes

From Mr. M. A. Kirkby.

Sir,—The Government has recently seen fit to publish a White Paper on Occupational Pension Schemes. Some of the proposals in this document are innocuous or indeed beneficial, but the proposals on participation are so objectionable that I feel the issue should be given the widest possible airing.

The White Paper envisages statutory participation by employees in the running of schemes solely through the agency of the Trade Unions, by giving the latter "a right to appoint 50 per cent. of the seats on all bodies concerned with the general management of Occupational Pensions, such as bodies of Trustees or specialist management committees, or bodies of similar character." This is to ensure that the appointment of Trade Union representatives is not confined solely to the Board of Trustees because "The powers of the Trustees appointed by the Unions would be entirely confined to whatever was laid down in the Trust Deed about the powers of the Trustees generally." The White Paper does not specify whether Trade Union appointees shall be members of the Fund or full-time officials.

Many large companies must employ members of several different Unions, possibly even as many as 20. Which Unions are going to represent members in the pension fund management? There will, of course, be many employees who are not members of any union, most likely from choice. Why should they be disenfranchised? The beneficiaries of the pension scheme at any particular time will all be retired, and therefore not members of any union and not entitled to any voice via their representatives if this proposal is put into law.

It must be obvious how unsatisfactory and socially divisive these proposals are. I trust your readers will do all in their power to ensure that they are not passed into law.

M. A. Kirkby.

Britannic House,
Moor Lane, E.C.2.

Finance for shipping

From the Assistant Professor. Finance, European Institute of Business Administration.

Sir,—I should like to thank you for the prominence given in your Lombard column (September 1) to our recent working paper on British Shipping. Not surprisingly our author finds little to quarrel with in Mr. Harris's review, apart from his last two paragraphs.

However, he does wish to comment as follows:

1—He specifically excluded criticism of established British shipping companies, and finds no reason to doubt that they generally worked in a rational and ethical manner;

2—He does not agree that criticism should necessarily be directed to British shipbuilders, since not only did they lack the capacity to fulfil more than a small part of the demand explosion which resulted from the circumstances existing in the period, but such capacity as they did have was largely inappropriate;

3—He feels that if blame is to be directed anywhere it is towards the officials who framed a policy which led the attraction into British shipping of considerable sums of "opportunist" capital (individual as well as corporate) from home and abroad. As Mr. Harris points out, the cost to the Exchequer was substantial both directly in terms of lost tax revenue and investment grant payouts and indirectly, in terms of contingent loan guarantees. If Mr. Harris stops to examine the Maritime Fruit/Swan Maritime case he will be aware that not all the cheap government-guaranteed credit came from overseas sources or was without risk. None of this can be justified in terms of an increase in the national income and justification in terms of foreign exchange receipts is not easy;

4—He agrees with Mr. Harris that for shipping "the productivity of investment, in terms of incremental sales or output, is remarkably low" but cannot accept Mr. Harris's other conclusion that the particular capital invested in British shipping in the period reviewed was not available for other purposes. The reasoning for the author's view, which should have been clear from the paper, is set out below.

Sources of Finance for Investment in U.K. ships—1969/1977

	Total	%
Total Investment in Ships	£1,946m.	100.0
Less: Investment Grants	(£430m.)	22.0
	£1,516m.	
Less: Ship Sales—say ...	(£235m.)	12.0
	£1,281m.	
Less: U.K. Government-guaranteed Credit—say	(£443m.)	23.0
Overseas Credits—say	£838m.	43.0

Investment grants (a gift from the British tax-payer) as a source of funds were certainly available for other types of investment. Funds released by ship sales need not necessarily have been re-invested in ships. Also the Government-guaranteed cheap loans (a direct subsidy) could, in principle, have been offered for other investment schemes (and to an extent were). Even the foreign Government subsidised credit provided by overseas banking systems under schemes similar to that of the British Export Credit Guarantee Department (ECGD) was, in fact, also available during the period on comparable terms for other capital goods.

5—He asks Mr. Harris why the funds went into shipping, the low return area. Part of the answer, he suggests, lay in the greater fiscal privileges granted to shipping, which alone enjoyed free fiscal depreciation during the period—a very substantial benefit in view of its great capital intensity. Another part of the answer lay, unfortunately, in the then perceived characteristics of ships by newcomers to the industry as hedges against general inflation (recall please the term "floating real estate") and against some particular aspects of the British economy. Unlike domestically based capital goods, ships could be divorced from British labour (via the bareboat charter), could be moved around the world freely and could be sold for foreign currency. Besides a good return on own investment these were highly desirable characteristics for equity investors in ships, even though the economic return on total capital employed was minimal.

Antoni Pares.

Boulevard de Constance,
Fontainebleau, France.

Co-ordinated transport policy

From the Director-General, The Chartered Institute of Transport.

Sir, — There will be quiet yet deep satisfaction among those professionally concerned with transport at the appointment of a Transport Secretary with Cabinet rank and with his own Department — a move which will serve to emphasise the vital part which transport plays in the economy.

Even so, some commentators have already expressed fears that the separation of transport from other activities may lead to a lessening of the importance paid to the transport factor in such vital areas as land use planning. Any diminution of strength in this regard would be unacceptable; but there is little reason to expect that this will happen, given a proper degree of understanding and common sense, co-operation and co-ordination between the Departments concerned.

What is of outstanding moment, I suggest, is the definition of responsibilities which will fall to the new Secretary of State to discharge. The establishment of this new Ministry presents an opportunity, given imagination and courage, for the present fragmented political and Governmental control to be replaced by central concern with transport as a total activity. To this end the Secretary of State must have policy responsibility for all modes of transport — air, land and water — together with those essential transfer points in the chain, ports and airports. By this means balance could be attained and, of the greatest importance, a co-ordinated transport investment policy devised and put into effect to the ultimate benefit of the nation as a whole. This was a major point made by this institute in its submission on the Consultation Document on Transport Policy.

D. N. Locke.

80, Portland Place, W.1.

Easier to grow a beard

From Mrs. S. L. Allcock.

Sir,—I should like to congratulate your correspondent Mr. Grotrian (September 10) on his good fortune in having his passport processed so quickly. My husband does not need a new passport but felt it might make his passage through immigration control easier if he had a more up-to-date photograph inserted, as since he had the last one taken he has shaved his beard and now wears contact lenses instead of glasses. As this changes his appearance somewhat, he made inquiries as to the procedure for entering a new photograph in his passport and was informed that the Passport Office would take a month over what I imagine to be a simple and routine procedure. It would seem to be quicker to grow the beard again!

S. L. Allcock.

6, Heaton Park Road,
Bradford.

To-day's Events

GENERAL

Mr. James Callaghan, Prime Minister, begins two-day talks with Mr. Pierre Trudeau, Canadian Premier, Ottawa.

International Monetary Fund holds third gold auction, Washington.

European Parliament meets, Luxembourg.

CBI Council meets.

Liberal Party Assembly opens, Llandudno.

Mrs. Margaret Thatcher, Opposition leader, continues visit to Australia.

Some domestic water supplies to be cut off in North Devon area and street standpipes used.

U.K. Atomic Authority annual report published.

Mr. Ron Hayward, general secretary, Labour Party, addresses members' meeting at Redbridge Labour Week, Barkingside, Essex.

Civil Aviation Authority ends two-day hearings of applications for domestc air fare increases.

Financial Times two-day Employee Benefits conference begins, Royal Lancaster Hotel, W.2.

Rating and Valuation Association conference, Scarborough.

Pharmaceutical Society Conference, St. Andrews, Fife.

OFFICIAL STATISTICS

Index of industrial production (July).

COMPANY RESULTS

Babcock and Wilcox (half-year). British Leyland (half-year). BTR (half-year). Croda International (half-year). Lex Service Group (half-year). News International (half-year). Thomas Tilling (half-year).

COMPANY MEETINGS

Assam Investments, 40, St. Mary Axe, E.C., 12.15. Cooper Industries, Dudley, 12. Elliott (B.), BEC House, Victoria Road, N.W., 10. Fairey Company, Heston, Middlesex, 3. Group Investors, 2, St. Mary Axe, E.C., 2.30. Howden Group, Glasgow, 12. London Electrical and General Trust, 32, St. Mary At Hill, E.C., 12.

OPERA

English National Opera production of Tosca, Coliseum Theatre, W.C.2, 7.30 p.m.

English Music Theatre Company perform The Threepenny Opera, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

English National Orchestra, conductor Dirk Varendonck, with Julia Cload (piano), play works by Schubert, Mozart, and Wagner, Queen Elizabeth Hall, S.E.1, 7.45 p.m.

COMPANY NEWS + COMMENT

Matthew Clark continues recovery

REFLECTING improved profitability from British wine interests, taxable profit of Matthew Clark and Sons (Holdings) recovered from last year's depressed levels and more than doubled from £0.76m. to £1.66m. in the year to April 30, 1976—this year's figure falling just short of 1973/4's record £1.69m. After eight months the profit advance was from £0.62m. to £1.28m.

Yearly earnings per 25p share jumped from 5.6p to 12.1p and the dividend total is stepped up from 4.27p to 4.65p with a final payment of 3.25p net.

The directors forecast that given a good Christmas trade similar profits should be attainable in the current year.

	1975-76	1974-75
	£	£
Turnover	36,439,435	29,029,782
Customs duty	16,163,067	11,809,879
Leaving	20,276,368	17,219,883
Profit before tax	1,664,758	759,351
Tax	895,541	447,051
Minority profit	247,391	63,782
Attributable	521,826	248,318
Preference divs.	9,939	10,493
Ord. interim	39,123	54,980
Final	137,231	125,428
Retained	315,513	57,708

● comment

In the four months between Christmas and the Budget, sales of British wines held steady and Matthew Clark has recovered to 1973-74 profit levels. With British wines now accounting for over 60 per cent. of total profits against nearer 40 per cent. a year ago it is well that sales volume here has been maintained since the Budget. Demand, however, has been poor for Stones Ginger Wine while Cognac sales are also lower both due to the hot dry summer. Much, of course, rests on the all important Christmas trade but in the meantime the shares have ample support in a 13.6 per cent. yield (covered 2.6 times) at 56p.

INDEX TO COMPANY HIGHLIGHTS

R. McBride ahead and confident

First half 1976 turnover of Robert McBride (Middleton) increased from £2.56m. to £3.39m. and profit expanded from £0.48m. to £0.61m. before tax of £0.32m. (£0.25m.).

And the directors say they are well satisfied with the results to date and look forward with confidence "to another successful year." In 1975 profit was a record £1.02m. and dividends totalled 3.9897125p net.

For the half year the interim payment is lifted from 1.944p to 2.1943p.

The company makes domestic detergents and bleaches.

Gretna Laboratories became a wholly-owned subsidiary on April 14, 1975, and its accounts were not consolidated for the half year.

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POWELL DUFFRYN

Powell Duffryn has bought a further £102,992 6¼ per cent. Debenture stock 1984-89 making with previous purchases of £953,221 a total of £1,056,213. The total outstanding is £1,943,787.

44% jump so far at Appleyard

Despite a serious shortage of new cars from Leyland, taxable profit of The Appleyard Group of Companies improved by 44 per cent. to £0.73m. in the first half of 1976. For the full year 1975 the figure was £0.99m., a record.

Mr. Ian Appleyard, chairman, says there is a healthy demand for new cars at present and if the manufacturers can provide reasonable supplies, the year-end results should be satisfactory.

Earnings per 25p share at halfway are 6.06p (4.22p) and the interim dividend is lifted from 1.225p to 1.625p net—the directors anticipate a final of 2.775p (same).

Mr. Appleyard reports that the used car market was particularly strong and contributed good results. Commercial vehicle activities staged a recovery from the loss situation of 1975.

Recent developments of parts and service facilities have begun to justify themselves in significantly improved results. The interests in agricultural machinery and fuel oil distribution continued to operate satisfactorily.

Appleyard Finance Holdings, jointly owned with Midland Bank Finance Corporation, continued on a most successful course, he says. The exceptional strength of the used car market was of particular benefit to its contract hire activity.

	First half 1976	1975
	£	£
Third party sales*	38,850,000	33,700,000
Profit before tax	730,861	505,026
Tax	391,000	265,000
Net profit	339,861	240,026
Preference dividend	9,300	9,300
Ordinary	65,373	66,770

* Excluding car tax and VAT.

● comment

Appleyard has come up with an impressive 44 per cent. increase in pre-tax profits. The car market has provided the major stimulus for although the group faced difficulties in obtaining sufficient new Leyland cars, the used car market proved very profitable even against the bonanza last year. The Commercial vehicle division made a loss of £53,000 for the whole of last year but in the last six months has turned in a £20,000 profit. Elsewhere the HP side recorded a healthy increase and the contract hire division gained from higher prices on its used fleet vehicles. Assuming Leyland has no major production set-backs, Appleyard should be capable of topping £1½m. pre-tax this year indicating a prospective p/e of 5 at 55p and covering a maximum yield of 12.7 per cent. 2.4 times.

Statement Page 26

H. Samuel's half term £1.66m.

FIRST HALF 1976 pre-tax profits of jewellers and silversmith, H. Samuel came to £1.66m. against £2.1m. last time. Profits for the last full year were £8.4m.

The first half of last year was to some extent distorted by the exceptional sales in April 1975 following the advance notice of an increase in VAT rates. Such distortion should not, however, affect the comparison of results for the full year, say the directors.

Earnings in the first half bear little relation to the full year, but with the full year's contribution from a number of new and enlarged branches, they believe that in the absence of unforeseen circumstances results for the year will again be satisfactory.

It is intended to declare an interim dividend in February 1977. Last year's total payment was 5.3p net per 25p share.

	Half year 1976	1975	Year 1975-76
	£000	£000	£000
Trading profit	1,430	1,794	7,925
Invest. income	199	310	473
Profit before tax	1,658	2,103	8,398
Taxation	862	1,146	4,318
Net profit	796	957	4,079
Extraord. credits	71	65	98
Making	867	1,022	4,177

● comment

The "beat the Budget" spending spree last year was obviously instrumental in pushing Samuel's 1975 interim profits to record levels, so understandably the latest figures were expected to show some decline. However, the 18 per cent. fall in trading profits leaves the latest figure only 1½ per cent. up on the first half of 1974, before adjusting for new openings in the intervening period. So the trading picture is hardly buoyant, though the halving of "luxury" rate VAT will effectively mean that Samuel will keep a larger attributable proportion of its turnover. Samuel is budgeting for a profits increase for the full year, and though it only needs a 7 per cent. increase in second half pre-tax profits to match 1975's level, in the current climate this may prove hard going. The shares eased 1p to 118p where the yield of 7 per cent. falls in between those of Ratners and Walker.

Barton & Sons may reach £3m.

REFLECTING a lower contribution of £490,000 against £693,000 from the overseas subsidiaries, pre-tax profits of tubing manufacturers and engineers, Barton and Sons slipped from £1.44m. to £1.34m. for the first half of 1976 on turnover of £16.88m. (£15.61m.).

The chairman, Mr. C. A. Roper, states that an improvement in profits is anticipated for the second half year with the possibility that pre-tax profit for the full year could be in the vicinity of £3m., approximating the record £2.97m. achieved in 1975.

First half earnings are shown at 4.27p (4.92p) per 25p share. The interim dividend is lifted from 1p to 1.1p net and the maximum permitted total is expected for the year compared with 2.6605p for 1975.

The chairman reports that the engineering section contributed most to the increase in U.K. tubing, structural steel and fabrication divisions all achieved marginally higher earnings.

An abridged balance sheet as at June 30 shows that fixed assets increased during the half-year by £0.61m. and net current assets by £1.66m. with total group assets up to £14.8m., from £12.4m. at December 31, 1975. The fall in the sterling exchange rate has necessitated a writing up of the overseas companies' assets by £0.93m. which amount has been credited to revenue reserve in the group balance sheet.

A recent professional revaluation of the group's land and buildings has disclosed a surplus of £4m. above book values.

● comment

For most companies, overseas subsidiaries have provided a support for falling domestic profits but in the case of Barton and Sons it has been the other way around. The troubles of the South African economy are well known but the slack demand for tubes in Canada has caught the company by surprise. In the U.K., demand has begun to revive but much of the company's production (such as structural steel and conduits for electric conductors) goes to the building industry which is still depressed. Nonetheless, the prospective yield of 10¾ per cent., on the shares at 44p, is already covered 1¼ times by interim earnings and this provides some compensation for the flawed outlook.

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Mr. Francis Gordon Clark, chairman of Matthew Clark and Sons (Holdings).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Amber Day	1.35†	Oct. 27	0.65	2.08†	1.38
Anglo-Welsh Invest. int.	0.35	Oct. 21	0.35	—	1
Appleyard int.	1.63(A)	Nov. 13	1.23	—	4
Audiotronic int.	1.65	Jan. 4	1.63	—	3.25
Barton and Sons int.	1.1	Nov. 5	1	—	2.66
Black Arrow	0.4	Nov. 2	0.78	0.4	1.45
Brit. Mohair int.	0.72	Oct. 29	0.65	—	1.3
Matthew Clark	3.25	—	2.37	4.65	4.27
Cohen Bros. int.	0.83	Nov. 17	0.64*	—	1.86*
Crossley Building int.	2	Oct. 29	1.76	—	3.78
Gedong Invs. int.	0.33	Nov. 5	0.33	—	1.30
Hoskins and Horton int.	1.36	—	1.36	—	4.26
Macfarlane Group int.	1.65	Oct. 11	1.5	—	3.13
R. McBride int.	2.19	Nov. 6	1.94	—	3.99
Reyrolle Parsons int.	4.5	Oct. 14	Nil	—	7
Richards & Wallingtn int.	1.46	Oct. 22	1.46	—	4.04
J. Shakespeare int.	0.65	Nov. 1	0.37	—	0.8
Western Mining	2.5(B)	—	2.5	5	6.5
H. Woodward int.	0.4	Oct. 22	0.4	—	1.7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) To reduce disparity. (b) Australian cents throughout and subject to Australian tax.

Upsurge at British Mohair

ON TURNOVER up from £6.33m. to £8.91m. pre-tax profits of British Mohair Spinners jumped from £171,900 to £721,100 in the first half of 1976, and the chairman, Mr. T. W. Hibbert says that, with the very good order position, profits for the year should continue to increase. Profits for all 1975 were £662,500.

The first half result indicates the upturn in trade following two very difficult years in 1974 and 1975, he tells members. The higher profits are due mainly to expansion in exports which are now 40 per cent. of turnover.

The completion of the current investment programme costing £1.2m. has coincided with the upturn in trade and as a result most new machinery is working 24 hours a day.

The price of raw materials continues to rise due to the world-wide demand for mohair and alpaca exceeding the supply, he adds.

The interim dividend is raised from 0.65p to 0.715p per 25p share costing £82,178 (£71,755). Last year's final was 0.65p.

	First half 1976	1975
	£	£
Group turnover	8,900,000	6,326,000
Profit	823,700	197,600
Net interest payable	104,600	25,700
Profit before tax	721,100	171,900
Tax	374,900	90,300
Net profit	346,200	81,600
Extraord. credits	—	1,700
Pref. dividends	11,400	11,400
Attributable to Ord.	334,900	71,900

● comment

Sharply increased volume and a 50 per cent. hike in average selling prices have established British Mohair firmly on the recovery trail in the first six months. The recovery stems mainly from increased export sales, particularly on the spinning side where exports rose by 59 per cent. The home trade, largely men's suiting, is still dull but the group reckons it can now see the start of an upturn here. With the investment programme now completed and an extra 12½ per cent. to 15 per cent. of capacity being brought on stream the outlook seems brighter. Borrowings are now higher than the 25 per cent. of net worth shown in the last accounts, but gearing is still not excessive. And with a pre-tax total of £1.6m. in prospect for the year, the group could, because of its recovery status, increase the 1976 yield to 12.6 per cent. at 28p, covered 2.9 times.

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Outlook at Malaysia Rubber

Mr. P. T. Gunton, chairman of Malaysia Rubber Co., says that for the current year, improved trading conditions for plantation companies should enable them to increase profits and provide some increase in dividend distributions.

The value of the group's investment portfolio has partially recovered from depressed values of a year ago but further improvement must depend on world industrial prospects, rubber and palm oil, as well as a healthier sentiment in the U.K. financial market. The group's U.K. property venture is now on a more encouraging footing and is again contributing to profits.

As already reported pre-tax profit for the year to March 31, 1976, advanced from £53,520 to £81,897.

Kinta Kellas Rubber Estates holds 18 per cent. of the equity.

Meeting, 1, Great Tower Street, EC, on October 7 at noon.

Richards & Wallington declines to £1.02m.

PRE-TAX profits of plant hirers Richards and Wallington Industries slipped from £1.18m. to £1.02m. in the first half of 1976 including associate's profits of £73,000 (nil). Turnover was lower at £14.03m. against £15.78m.

The interim dividend is held at 1.46p net per 10p share. Last year's total was 4.04p paid from pre-tax profits of £2.69m.

After a transfer to tax equalisation of £490,000 (£615,000) and associates tax of £47,000 (nil), the net balance for the half year is £483,000 (£566,000).

The directors say that business at home can be viewed with slightly more optimism during the coming months, although great efforts will be necessary in striving for the efficiency and margins that are required.

Activities overseas, especially the plant hire operation in South East Asia, are proving most encouraging and are being developed with all speed.

The joint ventures with Clark Equipment of the U.S. for the manufacture of Crown truck cranes and Hoesch Rothe Erde-Schmiedag of West Germany for the manufacture and marketing of large diameter anti-friction bearings, are proceeding well.

The fall in the pound since the end of 1975 may require a further provision against the increased cost of repayment of the group's Euro-dollar loan. The maximum further provision on the basis of the rate of exchange ruling on September 1 would be £370,000. However, the group is building up a fund of overseas earnings with a view to minimising losses of this nature and the position will be reviewed at the year end.

Since June 30, Transport Development Group has made an offer for H. Cox and Sons (Plant Hire) of which R and W owned 21 per cent. Due to the very adverse trading and forward position of H. Cox the directors decided not to make a counter offer, but to accept during August, TDG's offer. A loss of £313,000 after tax on this investment has been suffered.

● comment

In its last annual report Richards and Wallington said it was "striving" for peak profits in the current year. The 13 per cent. drop in interim pre-tax profits suggest that a maintained pre-tax total is probably a more realistic ambition. Volume, although at a low ebb in the first half, is expected to pick up in the second six months as the benefits of recent overseas expansion, and the first significant contributions from joint ventures with U.S. and German companies start to come through. However, the real boost from these is likely to be seen in 1977 and in the meantime the shares at 45p, yielding a maximum 14.3 per cent. on a p/e of 4, are likely to retain a cautious rating.

Shakespeare midway dip—cash call

REPORTING a fall in pre-tax profits from £361,000 to £316,000 for the first half of 1976, the directors of Joseph Shakespeare and Co. forecast at least £705,000 against £702,000, for the year and announce a one-for-three rights issue to raise some £371,000.

First half earnings are shown to be down from 3.01p to 2.62p per 5p share. The interim dividend is stepped up from 0.36850748p to 0.65p net.

The directors expect, if the anticipated profits are achieved and in the absence of unforeseen circumstances, to recommend a final dividend of 1.0725p on the increased capital making a total of 1.7225p. The Treasury has agreed to this level in the context of the rights issue.

The chairman, Mr. Jack Shakespeare says that production in the first half in all factories was below capacity but there were indications in the second quarter that business generally was improving. In early July, 1976 all short-time working ceased and although some plant is not yet fully utilised, current demand and forward orders show a marked improvement over the beginning of the year.

He is therefore confident that, if the upward trend continues, results for the full year will show a satisfactory recovery in the second half.

Giving reasons for the rights issue, the chairman points out that during the last five years the group has undertaken a substantial capital investment programme. Up to the end of 1975 some £421,000 had been spent on the purchase and re-equipment of a new factory at Shifnal to make heavier drop-forgings and £456,000 on expanding and re-equipping the drop-forging divisions at Old Hill and Willenhall and increasing the heat treatment and tool making facilities.

During the current year capital expenditure has already exceeded £350,000 and, apart from acquisitions, the directors expect to have spent more than £500,000 by the year end, mainly on additional forging plant.

The directors are also actively exploring the possibilities of expansion by acquisition. Discussions are currently in progress which may result in the acquisition of a private engineering company with net assets of some £350,000.

Last week the company acquired Benjamin Baker (Lye), a subsidiary of Bridon for £125,000 cash, the approximate net asset value of BBL. Net profits before tax of BBL for the three years to end 1975 were £45,000, £53,000 and £28,000 respectively, after adding back exceptional group charges and pension provisions.

BBL is one of the largest producers of horse shoes in the U.K. and the directors consider that this acquisition represents a logical and potentially profitable diversification for the company.

Retained profits and short term borrowing facilities have been sufficient to finance the capital investment programme and the additional working capital required to support the increase in turnover in recent years. However, the directors believe that it is now appropriate to make the rights issue to increase the capital base and to provide additional resources for future expansion and acquisitions.

● comment

The rights issue by J. Shakespeare comes as no surprise after the big hint in the annual report: the dividend cover last year was 9.8 while expansion has been rapid with £350,000 of capital expenditure in the first half and £375,000 or more likely in the second. Fortunately for the issue, demand for forgings has picked up suddenly and strongly, enabling Shakespeare to forecast maintained profits for the full year. The buoyancy may be accounted for by the fact that much of the production goes into agricultural and commercial vehicles which are exported. In fact the company seems to have survived the recession virtually unscathed; 1975 was a record year and recovery from the first half of this year (profits down an eighth) is already under way. The prospective ex-rights yield is 10.7 per cent. which looks fair value at current market levels.

Yearlings up to 12⅞%

Following last Friday's 1½ point jump in MLR to 13 per cent., local authority yearling bonds this week are issued with a ⅜ per cent. higher coupon at 12⅞ per cent. The last time yearlings were issued at this level was in May 1975 and it was in January of that year when the rate was last above 12⅞ per cent. This week's issues at par are due on September 21, 1977.

The issues are:—Ashfield District Council (£½m.), Borough of Milton Keynes (£½m.), Kettering Borough Council (£450,000), Orkney Islands Council (£½m.), Luton Borough Council (£½m.), North Hertfordshire District Council (£½m.), Lancaster City Council (£½m.), London Borough of Lambeth (£1m.), City of Leeds (£½m.), Borough of Epsom and Ewell (£½m.), Havant Borough Council (£½m.), City of Newcastle Upon Tyne (£1½m.), Newport Borough Council (£½m.), Preston Borough Council (£1m.), St. Albans District Council (£½m.), South Derbyshire District Council (£1m.), London Borough of Waltham Forest (£½m.), Chorley Borough Council (£½m.), North Wolds Borough Council (£½m.), Darlington Borough Council (£1m.), Borough Council of Gateshead (£1m.), London Borough of Redbridge (£½m.), Strathclyde Regional Council (£½m.), London Borough of Sutton (£½m.), City of Salford (£½m.).

CSC TRUST

Gross income of CSC Investment Trust for the first half of 1976 increased to £72,885 from £70,046. Pre-tax revenue was £33,886 compared with £38,709 after expenses interest, etc.

An interim dividend of 1.625p (1.4625p) net has already been declared—the previous total was 3.2p.

Net asset value per 25p share is 62.75p against 50.5p.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Thomas Jourdan Ltd.	Windsor	£60,223	31.12.76
United Tin Areas Ltd.	London EC1	£12,871	31. 3.76
Houchin Ltd.	Ashford	£111,628	30. 4.76
UKO International Ltd.	London NW7	£865,560	31. 3.76
Diploma Investments Ltd.	London EC1	£474,794	30. 6.76
Blackwood Morton & Sons (Holdings) Ltd.	Kilmarnock	£200,000	30. 6.76

Published by the Treasury as required by the above Act

Member, FDIC

Morgan officers specialising in Euro financings are based around the world. Shown at a meeting in London are, from left, Eric Guerlain, Paris office; Mary Gibbons, John Mayer, Leighton Coleman, London Office; Antoinette Daridan, Paris office.

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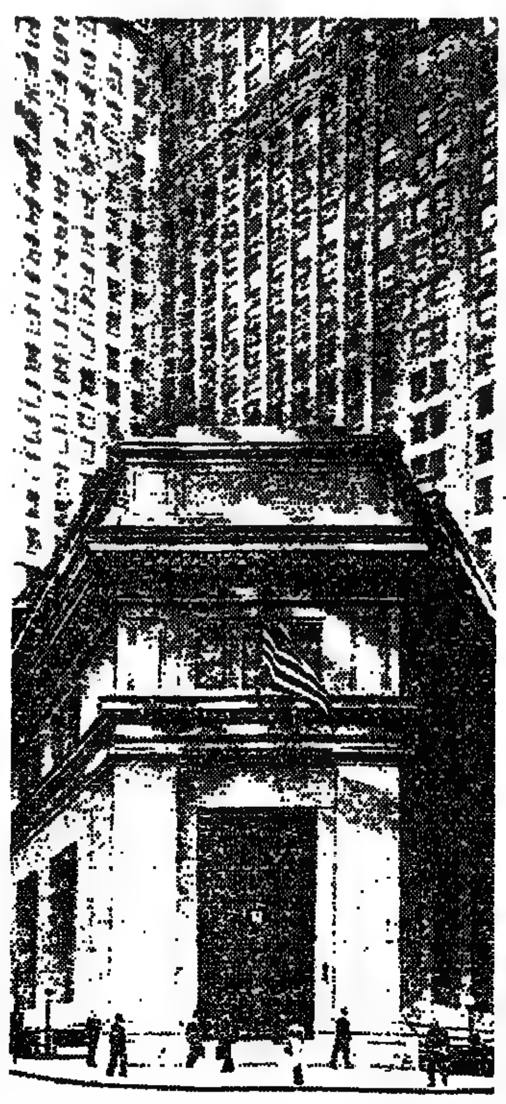
To set up a major Euro-currency financing, a bank has to know all the sources of funds, and have access to them. Morgan's Euro team has high standing among important lenders, who value our thoroughness in preparing loan documentation and our skill in structuring a financing.

That skill is especially important to the borrower. It ensures that terms, maturity, and options are tailored to the purpose of the loan and to conditions in the marketplace. It also ensures imaginative choice among the sources of funds. For instance, as co-manager of one major financing we reached outside the Euro market to find an alternative source for the short-term portion of the loan—the U.S. commercial paper market.



Where appropriate, we structure the loan to utilise the financing programs of export-import organisations like Eximbank (U.S.), ECGD (U.K.), or COFACE (France).

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Morgan Guaranty - the corporate bank

Audiotronic down to £0.45m. at midway

Turnover of Audiotronic Holdings for the 26 weeks to June 28, 1976 amounted to £9.11m., and pre-tax profits were £451,000. In the same period last year, turnover was £10.27m. and profits before tax, an exceptionally high £1.1m.

The directors say the figures for 1975 included the enormous increase in sales and profits earned in April 1975 before the increase in VAT to 25 per cent. The boost to profits during that period has been calculated to have exceeded £600,000 and resulted in the greater part of the profit for that year being earned in the first six months.

This situation has been reversed to some extent by the subsequent reduction in VAT on most of the group's sales and the gradual easing of the reduction in consumer's disposable income, which had been substantially reduced by the beginning of this year.

The net interim dividend is held at 1.625p—the total last year was 3.25p from pre-tax profits of £1.43m.

	6 Mths. 1976 £000	6 Mths. 1975 £000
Turnover	9,106	10,270
Profit:		
Wholly owned Cos.	383	1,103
Share associate	68	—
Profit before tax	451	1,182
Tax	231	573
Net profit	220	509
Extraord. credit	9	—

Expansion plans of the group have been directed more towards the newly acquired interests in the EEC where a new shop has recently been opened and three more are planned this year. In addition, the Eagle company has formed a new subsidiary in Holland to compliment its existing subsidiary in Belgium.

In the U.K., directors have continued to expand away from Central London where three small shops have been sold. Four new shops have been constructed this year in England and two shops operating in Scotland have recently been acquired as the nucleus of the new Scottish retail operation, Audiotronic Scotland.

Most of the benefits of these operations will not be realised until the latter part of this year and, despite the continuing uncertainty in the national economy, the directors are hopeful of some economic stability which would normally bring a greater level of sales and profits in the second half.

● comment

Audiotronic's profits continued to plummet in the current year with the first half pre-tax level down by 59 per cent., but the latest evidence suggests that a recovery could soon be underway. The shares rose 2p yesterday to 37p where the historic yield is 14.1 per cent. The upturn in demand which began after the cut in VAT in the last budget, has been modest so far but the improved market conditions should now allow some price increases and the group is hoping to lift margins further by significantly altering its product mix to a more profitable line. That could lead to a full year pre-tax total of around £1.2m. which would cover a maintained dividend 1½ times.

Sharp fall by Black Arrow

ON TURNOVER down from £5.3m. to £4.42m., pre-tax profits of Black Arrow Group fell from £293,658 to £51,363 for the year to March 31, 1976 after a drop from £155,965 to £42,000 in the first half.

After tax of £21,570 against £155,931, full year earnings are shown to be down from 2.09p to 0.45p per 50p share. The dividend is cut from a total of 1.45p to 0.4p net. There was no interim payment.

The directors state that the overall level of profitability is improving during the current year.

	1975-76 £	1974-75 £
Turnover	4,415,000	5,297,000
Elect. equip.	2,557,000	3,048,000
Office equp.	1,008,000	1,215,000
Leasing	850,000	1,034,000
Profit before tax	51,363	293,658
Tax	21,570	155,931
Net profit	29,793	137,727
Interim div.	—	20,820
Final	26,400	31,490
Carried forward	191,860	197,696

The group's interests include the wholesale distribution of electrical equipment and the retailing and leasing of office furniture and equipment.

Deborah Services up 16%

Deborah Services, one of the companies traded on the OTC market, announces profits for the year to March 31, 1976 up 16 per cent. to £608,654.

Mr. A. L. Britton, the chairman says that despite a low level of economic activity throughout the whole of the period, the group exceeded its forecast made in November 1975.

Turnover was up 38 per cent. to £5.8m. A final dividend of 6.73p gross, makes a total of 8.25p for the year.

Since the year end the group has continued to expand and has secured many long-term contracts which will ensure a high level of turnover well into 1977. Particular progress has been made in the insulation division.

The group is currently completing the acquisition of a Scottish company. This will enable the group to provide a service to the North Sea oil rigs and shore installations. Negotiations to acquire an overseas base also continue.

The present economic climate makes forecasting difficult, but in view of the current order book and increased activity in the industry Mr. Britton is confident that the group should show increased profits in the current year.

Meeting Wakefield on October 22 at noon.

Statement Page 22

Crossley ahead at halfway

FIRST HALF profits of Crossley Building Products in 1976 increased from £462,701 to £584,031 before tax of £306,140 against £240,800. Turnover improved from £6.64m. to £8.2m.

Earnings per 25p share are up from 4.09p to 4.1p and the interim dividend is 2p compared with 1.758p previously. Last year the total was 3.758p from pre-tax profits of £1.03m.

The first half Preference dividend absorbs £1,913 (£1,785) and the Ordinary interim, £134,616 (£91,021).

The group trades as builders' merchants, makers of bricks, roofing tiles and concrete products and road haulage contractors.

STAR ALUMINIUM

The directors of Star Aluminium state that the reason for late publication of the accounts is that the auditors want inclusion of the results of a company in which Star has an investment of about 22 per cent.

The accounting period of this company ends on March 31, 1976 whereas Star's accounting period is to December 27, 1975. It is anticipated that accounts will be published within the next 30 days.

Sharp rise at six months for Reyrolle Parsons

First half 1976 pre-tax profit of electrical engineers, Reyrolle Parsons almost doubled from £2.74m. to £5.26m. on turnover up from £51.53m. to £71.69m. For 1975 profit was £7m.

Mr. J. B. Woodeson, chairman, says output improved despite interruptions for short periods at a number of locations; if planned output is attained for the remainder of the year, the second half "should show further improvement."

The directors consider the improved results justify an interim dividend per £1 share of 4.5p net (nil)—last year's final was 7p.

Mr. Woodeson says that the trading results for the half year show continuing improvement in performance at home and abroad. Associated company results continue at a satisfactory level, principally from the Canadian company.

During the period, loan stock of nominal value £661,676 was redeemed and the surplus thereon is included in attributable profit.

Borrowings have again been reduced and, in consequence, the interest charge for the half year is considerably lower at £1.09m. (£1.75m.).

	First half 1976 £000	First half 1975 £000	Year 1975 £000
Turnover	71,685	51,527	127,438
Trading profit	4,665	3,058	7,428
Share associates	1,414	1,370	2,374
Other income	283	28	77
Interest payable	1,056	1,751	2,582
Pre-tax profit	5,256	2,735	6,997
U.K. tax	853	150	979
Overseas	1,204	818	1,456
Net profit	3,160	1,767	4,563
Surplus red. loan stock	299	353	1,000
Extraord. debits	224	232	*31
Minorities	93	153	304
Attributable	3,116	1,585	5,404
Dividends	624	[illegible]	980

* Credits.

A satisfactory order intake was achieved by the transformer, switchgear and motor companies mainly from overseas sources. The Government report on the future of power station ordering is awaited; meantime efforts are directed towards exporting and the turbine generator company, in conjunction with the Canadian associate, has received an order for Korea. The volume of spares and post contract business continues at a satisfactory level, he adds.

● comment

Reyrolle is going to make at least £9½m. pre-tax this year but it was probably the dividend news that pushed the shares up 13p to 114p yesterday. The interim payment suggests that shareholders could eventually receive 9p for 1976 and this would lift yield to 12.6 per cent. Reyrolle is still riding along on its switchgear and transformer contracts, and the Canadian associate continues to move forward. But group orders are no higher than they were in April at around £350m. and the lack of new work must be a very real worry; by the middle of 1977 Reyrolle's turbine generator operations could be close to a standstill. Still, group cash flow is piling up at the moment helped by a sub-normal tax charge (a 9p dividend is likely to be covered 3½ times by fully taxed earnings). And the balance sheet is going to emerge from 1976 as solid as a rock.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—BTR, Babcock and Wilcox, William Bate, Berwick Timpo, Biddle Holdings, Bifurcated Engineering, Colness, Croda International, Grampian Holdings, Hestair, A. A. Jones and Shipman, Lex Service, Liverpool Daily Post and Echo, Montfort (Knitting Mills), *Stanley Gibbons International, Thomas Tilling.

Finals—Assam Dooars, Milo Marsters, Second City Properties, Wades Departmental Stores, James Walker Goldsmith and Silversmith.

FUTURE DATES

Interims—

Anglo-Swiss	Sept. 23
Bowring (C.T.)	Sept. 23
Cakebread Robey	Sept. 27
Clifford (Charles) Industries	Sept. 17
Floreat Investment	Sept. 27
Foseco Minsep	Sept. 29
Lafarge Organisation	Sept. 30
Leadenhall-Sterling Investments	Sept. 21
London and Holyrood Trust	Sept. 16
London and Provincial Trust	Sept. 16
Noble and Lund	Sept. 17
Owen Owen	Sept. 28
Pearson Longman	Sept. 21
Perry (Harold) Motors	Sept. 22
Schroders	Sept. 16
600 Group	Nov. 23
Tricentrol	Sept. 28
Watts Blake Bearne	Sept. 21

Finals—

Adwest	Sept. 27
Celtic Haven	Sept. 28
Consolidated Plantations	Sept. 21
F. and C. Eurotrust	Sept. 30
Grimshawe	Oct. 7
Scottish Investment Trust	Oct. 14
Second Scottish Investment Trust	Oct. 14
Sime Darby	Sept. 29
Southern Kinta Consolidated	Sept. 23

* Amended.

£0.21m. by Macfarlane at midterm

IN THE FIRST half of 1976 pre-tax profits of the Glasgow based packaging and printing concern Macfarlane Group (Clansman) came to £210,000 on turnover of £3.39m. This compares with £401,000 and £4.17m. for the first half of last year and £205,000 and £3.41m. for the latter half.

Earnings are shown at 1.68p based on 6m. shares in issue following the one-for-two rights issue in June 1975. Last year first half earnings were 4.825p based on 4m. shares.

The interim dividend is lifted from 1.5p to 1.65p net per 25p share. The final for 1975 was 1.626p.

The chairman, Mr. Norman Macfarlane, says that the slack pattern of sales of last year's second half continued in the early months of 1976 and it is only since August that there has been a significant increase in demand.

This came mainly from the whisky sector and, if it continues, will lead to an increase in profitability during the second half.

Although prospects depend largely on economic conditions, the directors have continued to invest in specialised new plant to maximise the renewed demand, reports the chairman.

The group has substantial financial resources and the continuation of stock relief and capital allowances related to expenditure on fixed assets has significantly reduced the corporation tax payable.

The directors are confident that the group is in a strong position to take advantage of expansion opportunities as the recovery in the economy develops, he adds.

Amber Day advances to £0.92m.

AFTER RISING from £0.43m. to £0.48m. in the first half, pre-tax profits of clothing manufacturers and retailers, Amber Day Holdings finished the year to April 30 1976 up from £846,343 to £920,366 on turnover of £13.28m. (£11.94m.).

Earnings are stated at 5.33p (5.08p) per 10p share and as promised the dividend total is 2.08p (1.37952p) net on capital increased by last December's one-for-one rights issue. The fiscal payment is 1.3529p and a one-for-five scrip issue is also proposed.

	1975-76 £	1974-75 £
Turnover	13,281,864	11,942,434
Pre-tax profit	920,366	846,343
Tax	491,250	488,090
Net profit	429,086	358,253
Loss on prop. disposals	202,911	—
Surplus on revaluation	114,881	—
To capital reserve	114,881	—
Leaving	226,175	358,253
Interim dividend	27,732	27,732
Proposed final	136,590	24,583
Waiver of final	21,646	—
Prefd. Ord. interim	14,000	14,000
Final	—	14,000
Redeemable Pref.	11,900	11,900
Retained	57,600	265,738

Net current assets stood at £1.06m. (£0.31m.) at the year-end including bank and cash balances up from £0.13m. to £1.13m.

A recent sale and leaseback has further improved the strong liquidity position by £400,000. Sales and orders for the current year show a healthy increase, and, subject to the successful containment of costs, the directors see another year of steady progress.

● comment

Amber Day's profits have moved in line with the sector and the first half advance of 12 per cent. pre-tax slowed down to 5 per cent. in the closing half of the year. Still the clothing trade is experiencing some upturn in demand and £1m. pre-tax this year is a reasonably conservative estimate. Meanwhile the balance sheet underlines Amber's liquidity strength, and how last November's rights issue was made with a dividend increase in mind rather than the need for a cash injection. As at April the net cash position was £118,000 against net borrowings of £885,000 a year before, and since the balance sheet date the £0.4m. proceeds from the sales and leaseback have come in. Amber continues to expand in both areas of manufacturing and retailing (the profits split is around two to one) and the forward order book is at a record for the time of year. Nevertheless the sector has lost its glamour and the shares at 24½p offer a 13.8 per cent. yield covered 2.7 times.

Growth at Noble Grossart

Noble Grossart reports that profits before tax for the six months to July 31 were 25 per cent. greater than for the corresponding period last year, and it is expected that the profits for the full year will be "comfortably in excess" of the £728,000 earned in 1975-76.

Banking and corporate finance activities have both moved forward during the past six months and are expected to remain very active in the coming months.

Despite the slow pace of recovery of the U.K. economy generally, the more progressive companies are emerging from the recession in a strengthened condition and are now taking a positive attitude towards new capital investment and acquisitions, say the directors.

Campbell & Isherwood's first half

Profit, before tax, for the first half of 1976 at electrical engineers Campbell and Isherwood was £273,000. Due to a transmission error the figure was reported as £723,000 in last Saturday's paper.

The profits compare with £304,000 for the previous first half but the directors expect the full year's figure to exceed the near £400,000 attained for all of 1975.

Cohen Bros. (Electrical)

FOR THE first half of 1976, profits of Cohen Bros. (Electrical) improved from £204,500 to £221,000 before tax of £110,000 against £101,500. Sales were £919,000 compared with £1.01m.

The directors say output from the group's own productive unit increased so that there was no need to use sub-contractors. This explains the profit increase, notwithstanding the slight fall in turnover, they state. The group's order book is satisfactory.

First half earnings per share are 2.7p (2.5p) and the net interim dividend is effectively raised from 0.6425p to 0.82868p.

Last year, the total dividend was equal to 1.8638p from pre-tax profits of £421,086.

Confidence at Dixons Photographic

The chairman of Dixons Photographic, Mr. S. Kalms says in the annual report that he is extremely confident that the company's future is set for a long and sustained growth and that this view need only be tempered with a few short term reservations.

However, these factors will be merely indentations in a long history of increased profit and expansion. He has no doubt that the group will continue to improve its performance over the years, backed by an adequate capital base.

For the 53 weeks ended May 1, 1976, pre-tax profits were £5.22m. against £4.1m. Turnover was £69.39m. (£60.12m.).

ALBANY LIFE

Albany Life Assurance has opened its thirteenth branch office in the U.K., at Lansdowne Road, Bournemouth.

Albany is a wholly-owned subsidiary of the American General Insurance Group, and provides life assurance services primarily in the growing unit linked area.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	905	250	AmerianMedInt.Inc($1)	880	−10	Q24c	—	1.8	—
—	F.P.	—	£27¼	£21¼	Berry Pacific Pfd. US$1	£26¾	+¼	+0c	—	0.9	—
80p	F.P.	17/9	70	65	Borthwick (Thos.) 50p	66	......	b5.5	2.0	12.5	5.9
—	F.P.	—	£28	£25¾	Dentsply Int. Inc. ($1)	£27	−½	—	—	—	—
—	F.P.	—	£31½	£25½	Esmark $US1	£27	−½	Q$1.52	—	3.2	—
235	F.P.	15/9	255	175	Hambro Life Assur.	180	−2	?15.75	—	11.7	—
120	F.P.	25/9	111	98	Moline	98	......	b5.5	2.4	13.2	6.5
US$2.65	F.P.	—	$2.60	52	Renown Inc. Y50	$2.46	−0.07	Q 15%	—	0.7	—
††	F.P.	—	152	96	Tolux S.A. 11	150	−2	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
£100	F.P.	—	100	100	Agricultural Mortgage 15% Bond 1978	100	......
::	F.P.	—	106	105	Dentsply 9% £US Conv. Uns. Loan 1991/96	105½	+½
£98.5	£10	—	29	23½	Eastbourne Waterworks 9% Red. Pref. '83	29	+½
£10	—	—	10	[illegible]	G.T. Asia (Sterling) Fd. Prf. Red. Prf. 1p	10	......
US$100	F.P.	—	LF98¼	LF98	Ind. Fund of Finland 9% Guar. Notes '84	LF98¼	......
£99¼	£10	17/12	9¼	8	Islington 13¼ Red. Stock 1986	8	......
**98	F.P.	3/9	97½	96	Mid Kent Water 8% Red. Prf. 1981	96	......
US$100	—	—	$102	$100	New Brunswick (Province of) 8%	$101	......
US$99½	F.P.	—	$98½	$98¼	Norsk Hydro 9% Bds. 1991	$98½	......
[illegible]	F.P.	1/10	100	96	Portsmouth Water 8% Red. Prf. Stk. 1981	96	......
C$100	Nil	19/11	99¾	99	Royal Trs. Mort. 9½% Bnd. 1982	99	......
US$10	F.P.	—	$100¼	$100¼	Saskatchewan (Prov. of) 8¾% Bds. 1986	$100¼	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −
15	F.P.	8/9	8/10	15¼	14	Astra Secs.	14	−¼
$A5.50	Nil	5/11	—	190	180	Bank N.S. Wales	185pm	+5
10	Nil	—	—	1	½	Bonas Webb	1pm	......
27	Nil	—	—	2	2	Buckleys Brew	2pm	......
20	F.P.	10/9	8/10	22¼	19	Charterhall Finance	20	......
15	F.P.	10/8	17/9	15¼	10½	Ewer (George)	15¾	......
118	F.P.	26/8	24/9	152	133	Hogg Robinson	155	−1
40	F.P.	10/9	8/10	52¼	47	Lovell (Y. J.)	47	......
165	F.P.	19/8	24/9	218	192	National Westminster	206	......
30	Nil	—	—	15½	15	Nolton Estates	15pm	......
25	Nil	—	—	3½	3	P.M.A.	3pm	......
22½	F.P.	26/7	6/9	27¾	24	Readicut Int'l	26	......
200	F.P.	19/8	1/10	231	215	Reed Intl	218	+1
178	F.P.	6/8	3/9	209	189	Rowntree Mackintosh	201	......
24	Nil	2/8	8/10	26	25	Second City Prop.	23½	......
20	F.P.	10/9	8/10	33½	28	Vernon Fashions	28	......
$A1.20	F.P.	18/6	—	141	95	Western Mining	115	......
5	Nil	—	—	2½	3	Whatlings	3¼pm	......
76	F.P.	17/8	1/10	97	88	Whitecroft Ind.	90	......
70c	F.P.	—	—	86	77	Woodside-Burmah	76	+2

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. g Forecast dividend; cover based on previous year's earnings. u Figures based on prospectus or other official estimate for 1976. Q Gross. ‡ Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✱ Offered to holders of Ordinary shares as a "rights." ♥ 390 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ♣ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‖ Allotment letters (or fully-paid). ¶ Provisional or partly-paid allotment letters. ★ With warrants. ♦ After suspension.

Reliance Knitwear trend continuing

Policy at Reliance Knitwear Group is to take advantage of the present situation "without over-extending ourselves," Mr. R. E. Newman tells shareholders.

He believes that the current 12 months will reverse the profit trend of the past two years and take a significant step forward. The directors view the future with confidence, he adds. All factories are busy.

Much progress has been made in the past nine months but margins are still tight and costs continue to rise. However, last year's improving trend has continued into the first few months of the current period and "satisfactory profits are being made."

As known, pre-tax profit for the year ended April 30, 1976, declined from £0.35m. to £0.11m. Mr. Newman says that the results show a considerable improvement on the first half and indicates that the group is making a good recovery from earlier difficulties.

Part of the reasons for the poor results lay within the company's own control and positive steps have been taken.

Technical management has been strengthened, production management has been improved at all levels and Reli-Knit has been reorganised and is now operating profitably.

Two other companies have been reorganised, management changes made and new policies laid down.

Continuing cost control exercises have been carried out in all companies, design capability has been strengthened and exporting activity has been improved.

Expansion is being planned in a controlled manner—in the current year the directors are aiming at a turnover of £11m. (£9m.).

Immediate plans include increasing knitting capacity at Drewry and Edwards, and H. R. Howard and Sons, some additions to the sock-making plant at Reliance Hosiery (Halifax), an investment in RTR knitting machines and an investment in new sewing machinery.

Referring to the 1p net dividend, paid from reserves in 1975/1976, compared with 2.574p in the previous year, Mr. Newman says that if the present profit performance is continued, it is hoped that a much increased dividend can be paid in the coming 12 months.

The accounts show that during 1975/76 £14,208 was paid as compensation to former directors of subsidiaries for loss of office.

C. P. Choularton, Sons and Partners is the ultimate holding company and owns Ashley Industrial Trust, which in turn owns 61.1 per cent. of the Ordinary of Reliance.

Meeting, Halifax, October 6, noon.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Comeng earnings show 17% advance

BY JAMES FORTH

SYDNEY, Sept. 14.

COMENG HOLDINGS, rolling stock manufacturer and engineer, boosted earnings almost 17 per cent. from SA5.4m. to SA6.3m. in 1975-76 and the directors expect the current year will also be successful.

The increase was achieved despite lower returns from the company's investments in South Africa and Fiji. The Board has decided to write down the value of the South African investment, while the Fijian operation has been closed down.

The group's own direct activities contributed SA3.3m. to the result, a gain of 47 per cent. on the 1974-75 figure of SA2.2m., and accounted for the entire gain in earnings. Comeng's share of profits from its equity accounted associates actually dipped 5.8 per cent., from SA3.1m. to SA2.9m.

The dividend is held at 10 cents a share on capital increased during the year by a one-for-ten scrip issue. It is covered by steady earnings a share of 39 cents.

Turnover rose 16 per cent. to SA106m. The directors attribute the improvement to increased activity in the manufacture of railway rolling stock and supply of components, increased delivery of trams, increased sales of coal mining machinery and components and increased sales of railway track maintenance equipment.

Kemtron and Sun slide

By Our Sydney Correspondent

SYDNEY, Sept. 14.

TWO ELECTRICAL groups — Sun Electric Consolidated and Kemtron—to-day reported sharp profit reversals. Several other electrical companies have reported lower earnings in recent weeks, while one group, Necla Roke, has gone into receivership.

Kemtron reported a 23.5 per cent. drop in earnings from SA1.15m. to SA881,000. It has cut the dividend from 6 cents a share to 3 cents by omitting a final payment.

In the first half Kemtron earned SA1.24m., indicated a loss of SA356,000 in the second six months. The directors said the decline mirrored the general decline in the Australian economy. The high inflation rate, coupled with continuing increases in wages and salaries and created severe cost pressure.

Profit of Sun Electric halved from SA1.09m. to SA502,000. The result is bad news for the diversified group Burns Philp, which bought a 70 per cent. interest in Sun Electric late last year for SA4.6m. or SA1.20 a share.

Sun Electric shares are currently priced at 87 cents. Earnings a share are down from 19.6 cents to 9 cents. The dividend is cut from 7.5 cents a share to 2.5 cents.

Sun Electric earned only a marginal SA57,000 in the second half year.

Bos Kalis expects higher profits this year

BY MICHAEL VAN OS

AMSTERDAM, Sept. 14.

THE DUTCH-based international dredging and construction group, Bos Kalis Westminster, said to-day that it expected this year's net profits to be up 35 per cent. on 1975, based on "conservative" estimates. In 1975, the company's profits had risen to Fls.28.1m. from Fls.24.9m. the year before.

Announcing this in its half-year financial statement published in Sliedrecht to-day, the company added that the pressure on the results caused by increased financial obligations will be "amply covered" by improved trading results from the associated companies, especially those engaged in the offshore industry, and by the results of the consolidated companies.

Bos Kalis' statement showed that in the first half of this year, net profits have risen to Fls.15.7m. from Fls.13.3m. in the corresponding period last year. The gross operating profit has improved to Fls.59.3m. (Fls.52.3m.), depreciation rose to Fls.35.6m. (Fls.30.4m.), while the interest charge went up to Fls.8.6m. (Fls.7.2m.).

The statement showed that Bos Kalis' income from associated companies rose to Fls.2.3m. in January-June, having amounted to Fls.1.7m. in the first half of 1975 and to Fls.2.7m. in the full year 1975. The company's pre-tax profit rises to Fls.18.1m. (Fls.16.8m.), while the tax allocation has in fact decreased, to Fls.2.4m. (Fls.3.5m.).

The company added in a comment that its turnover related to completed contracts for the full year would be about Fls.1.18bn., which compares with Fls.940m. in 1975. Their value amounted to Fls.485m. in the first half, compared with Fls.325m. in the same half of last year.

The order book totalled about Fls.2bn. at July 1, 1976, compared with Fls.1.5bn. at the end of December, 1975. The Board said at a Press briefing to-day that the middle east share of the portfolio currently accounted for some Fls.600m. The Bos Kalis chairman, Mr. J. Kraaijeveld van Hemert disclosed to-day that in view of the extensive sterling financing needs for the company's substantial U.K. interests, it had been able to arrange a £5m. back-to-back currency swap loan against guilders, which was described as a unique operation.

Bos Kalis also disclosed in Sliedrecht to-day that it was one of the major participants in a very large order, obtained together with Belgian companies, to extend the seaport of Zeebrugg in Belgium.

Willot stake in Conforama

BY RUPERT CORNWELL

PARIS, Sept. 14.

AGACHE - WILLOT, France's largest textile group, has taken an important diversification step with the acquisition of a controlling stake in the Conforama furniture hypermarket chain, victim of serious financial difficulties.

The four Willot brothers have bought from the Sordoillet family that owns Conforama a 70 per cent. stake in the SIDEF operating subsidiary as well as a 50 per cent. interest in the company which has the brand name rights, Conforama-France.

The chain has annual sales of some Frs.2.4bn. (£270m.) but has recently run into grave liquidity problems. Only three months ago SIDEF was granted a stay of bankruptcy proceedings to allow time for efforts to find an alternative solution.

At one point there were hopes of a rescue deal with the SCOA trading conglomerate that is linked to Paribas, but these fell through, and it is now Agache-Willot that has taken on the responsibility of a group whose estimated indebtedness totals between Frs.300m. (£34m.) and Frs.350m.

The risk for the Willots however is carefully calculated. No details have emerged on the price paid for Conforama, but it is known that the textile group sees the deal as an important diversification which secures new outlets for its own production of fabrics and carpets.

As matters now stand the £400m. textile group will provide the finance needed, and has set a three-year deadline to put Conforama's affairs in order. Although Agache-Willot has already important footholds in the retailing sector — notably through the Bon Marche Paris store—it is planned that the day-to-day management will remain in the hands of the Sordoillets.

Mobil plant cost lifted by rules

By Guy Hawtin

FRANKFURT, Sept. 14.

WEST GERMANY'S tough environmental protection requirements are accounting for an increasingly large proportion of industrial construction costs. Some 20 per cent. of the cost of Mobil's new refinery at Wilhelmshaven went on environmental protection.

The new refinery, which was opened to-day by Dr. Hans Friderichs, the Federal Economics Minister, took two and a-half years to build at a cost of DM825m. (£184m.).

According to Herr Paul J. Hoenmans, chief executive of Mobil's West German subsidiary, the price of environmental protection was more than DM170m. (£38m.).

Nixdorf expects strong growth

NIXDORF Computer, the West German manufacturer expects "two figure" turnover growth this year. In the first half of 1976 it reported that sales were up 11 per cent. compared with the same period of 1975.

Orders rose satisfactorily, by 8.2 per cent. to DM257m. from DM238m. in the first half of 1975.

Dutch profits slump

BY MICHAEL VAN OS

AMSTERDAM, Sept. 14.

THE 100 largest Dutch companies quoted at the Amsterdam stock exchange saw their sales rise further in 1975, but profits declined very substantially as did their total staff, says a review published this month in a Dutch financial magazine. Partly as a result of substantial losses incurred by several companies, the 100 companies saw their profits dip to about Fls.6.5bn. in 1975, which was nearly 38 per cent. down on the previous year when profits had amounted to Fls.10.4bn. Total turnover further increased to Fls.227.1bn. from Fls.221.6bn. in 1974, but the increase was significantly lower than last year. The turnover had amounted to Fls.167.8bn. in 1973.

The survey, published by the weekly Beleggers Belangen, notes that in all 20 companies have operated at a loss in 1975 compared with only six the year before. Akzo and Estel, the Dutch-German company, each suffered losses exceeding Fls.100m. by a substantial amount, while losses exceeding Fls.10m. were booked by KLM, Van Gelder (Paper), United NBM (Building), KNP (Paper) and Nijverdal-Ten Cate (Textiles).

The paper alleges that the continuing increase in wage costs in Holland has attributed to the decline in the hundred companies' total staff, by 75,000 to nearly 1.5m. Philips, the electrical company, remains Holland's largest private employer by far. Beleggers Belangen states that, according to its survey, it has become apparent not only that some companies have been reducing personnel as a result of rising wage costs, but at the same time, others have been unable to attract sufficient staff. Quoting unidentified top industrial sources, the paper adds that as long as local unemployment benefits remain as high as they are, it will be "very difficult" to attract staff wherever necessary.

The publication, which has included companies such as Royal Dutch (Shell), and Unilever in its list, shows that in 1975 the companies which recorded sales exceeding Fls.1bn. now amount to 24.

Cabei raises $25m. 7-yr. Euroloan

By Mary Campbell

ARRANGEMENTS have been completed for a $25m. seven-year loan for the Central American Bank for Economic Integration (CABEI). Originally set to be $10m. the size of the loan has been increased since syndication started. The sprea dis a relatively low 1¾ per cent., but participation fees start at a relatively high figure of a half per cent. Lead manager is Libra Bank.

This is the second time this year that CABEI has ra sed funds in the form of a syndicated Eurocurrency loan —it raised $12m. earlier.

Set up in 1960, CABEI is an organ of the Central American Common Market which links Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. At the last count in mid-1975, 63 per cent. of its loan portfolio was invested in infrastructure projects. The distribution of its lending among the various member countries is pretty even, with Costa Rica heading the list with just over 23 per cent. of the total and El Salvador accounting for just under 15 per cent.

Half the loan portfolio is guaranteed by the Governments of the countries concerned.

The capital and reserves of the bank amounted to the equivalent of $91.6m. at the end of last May.

Swiss banks lower bond rates again

By John Wicks

ZURICH, Sept. 14.

THE FOUR leading Swiss commercial banks—Union Bank of Switzerland, Swiss Bank Corporation, Swiss Credit Bank and Swiss Volksbank — have again decided to lower rates for their short and medium-term over-the-counter bonds (so-called "Kassenobligationen"). The last cut was as recently as August 27, since when there has been a continued heavy demand for the bonds.

As from September 15, the rate for three and four-year maturities will be reduced from 4¼ to 4 per cent., while five and six-year bonds will have an interest rate of 4¼ (5) per cent. Seven and eight-year maturities remain unaltered at 5 per cent.

Austrian bank in Hong Kong

By Paul Lendvai

VIENNA, Sept. 14.

THE AUSTRIAN Genossenschaftliche Zentralbank (GZB), the umbrella institute of the Farmers Credit Co-operatives (Raiffeisensektor), together with the German Genossenschaftsbank of Frankfurt, will open a representative office in Hong Kong this month. The new office should primarily help to promote trade and financial links with China, Indonesia and the Philippines.

IFC warning on Euro-credits

BY TONY HAWKINS

THERE IS now a danger that lenders who competed vigorously in the past to provide Eurocurrency credits may curtail their activities at a time when potential borrowers need financial support in the process of economic recovery, says the annual report of the International Finance Corporation, published to-day.

The IFC—part of the World Bank Group—says that while it is impossible to predict the future volume and direction of Euro-lending to developing countries, as banks increasingly feel that they are reaching their self-imposed "country limits," there are signs that it will not be easy to sustain flows at recent levels, even in nominal terms. The IFC points out that private banking loans to developing countries have become the most important single element in the flow of international resources to major developing economies. But it warns that in the light of the balance of payments prospects of non-oil producing developing countries, "there is little doubt that not only these countries but the international financial system itself would come under severe pressure if this source of capital were to dry up or even be severely curtailed."

The IFC says that a gradual bunching of repayments of principal is likely to occur in the 1976-80 period, as maturities for loans obtained before 1974 tend to coincide with those of loans obtained afterwards, reflecting the tightening of terms in 1974 and the shortening of maturities.

The IFC believes that in the coming years the Euro-markets are likely to enter "a more critical period" which will test more rigorously than hitherto both the creditworthiness of borrowing countries and the resourcefulness and flexibility of the Euro-institutions.

What is needed, says the IFC, is a degree of surveillance of, and support for, the Euro-currency market, but it warns that unco-ordinated actions by individual governments in this field would merely add to market uncertainties. The Euro-institutions would tend to seek out the stronger and resource-rich countries even more than they do now, thereby not only squeezing out the smaller and less economically advanced nations but also limiting further lending to private enterprise — which, in any case, needs more assistance and support in tapping the international capital market.

A major purpose of a surveillance and support programme would be to assure a more systematic and informed appraisal of lending risks by the institutions operating in the market. It is here that international financial institutions could play a useful role, the IFC believes. "They are to-day virtually the only source of comprehensive information on the creditworthiness of the developing countries." Their increased association with Euro-currency institutions in joint financing and syndication could provide a more reliable basis for risk analysis and sound decision-making.

The support of the international institutions could also provide an opportunity to lengthen the maturities of such lending and to channel such funds directly into productive investment. But a necessary corollary would be action on the part of borrowing countries to preserve a climate of confidence necessary to attract capital inflows, the IFC says.

Rapid-American has $6.2m. loss

BY OUR NEW YORK STAFF

NEW YORK, Sept. 14

RAPID-AMERICAN, a diversified manufacturer and retailer selling alcoholic beverages, underwear and sportswear, has posted a net loss of $6.2m. for the quarter, ended July 31.

Last year's second quarter loss was $4m. But when account is taken of earnings of $5.6m. gained by the sale of Playtex, the loss from continuing operations was $9.6m. Playtex one of Rapid-American's most profitable operations, was sold last year for $210m.

Sales for continuing operations were $53.1m., down from the previous year's $545.1m.

For the fiscal six months, the net loss was $8.9m. up from the previous year's $8.4m. after earnings of $10.7m. from the Playtex sale. The actual loss from continuing operations last year was therefore $19.1m.

The six month sales figure on continuing operations is $1.05bn., up from last year's $1.02bn.

Rapid-American said last year's figures give effect to an estimated Federal tax income benefit of $2.3m. for the quarter, and $7.9m. for the six months based on anticipated taxable income from the Playtex sale.

Fed bid to save New York bank

BY JAY PALMER

NEW YORK, Sept. 14.

A NUMBER og large international banks, including some not based in the U.S., have apparently been contacted by U.S. federal and state banking authorities to see if they are at all interested in taking over and rescueing a small, financially troubled New York bank, American Bank and Trust.

The takeover of American Bank and Trust, which is now owned by Continental Trade Bank, a Swiss concern, is apparently being masterminded by the New York State Banking Superintendent and the Federal Reserve Bank of New York.

American Bank and Trust, which has assets of $230m., has five offices in New York and in various South American countries. It has been under close federal supervision since a routine investigation last May disclosed its condition.

According to "confidential documents" quoted in this morning's New York Times the Federal Reserve catagorised one-third of American Bank and Trust's $152m. in loans as "sub-standard." The bank's deposits have apparently fallen from $229m. to $199m. in the past six months.

Concern about the bank's condition has increased in recent weeks as American Bank and Trust, in an attempt to restore liquidity, has started borrowing heavily from the Federal Reserve's emergency credits.

The New York Times to-day quoted unidentified federal officials as estimating that American Bank and Trust would need as much as $40m. in loans to keep afloat. Federal investigators are understood to have concluded that only $30m. of the bank's outstanding loans are of a satisfactory quality to be used as collateral against central bank aid.

Although one federal official was quoted as saying that American Bank and Trust was "still solvent last Friday," officials at the Fed and the State Bank Board to-day refused to comment on its position.

A Federal Reserve Board spokesman said a statement was likely in a few days.

Manufacturers Hanover expects improvement

NEW YORK, Sept. 14.

MANUFACTURERS Hanover's third quarter net income before securities transactions should show a modest improvement over the second quarter, Mr. Gabriel Hauge, the chairman, said at a luncheon.

He attributed the expected gain to expense controls and to an increase in certain fee income.

He also said the company, whose chief subsidiary is Manufacturers Hanover Trust Co., has studied the possibility of a new offering to raise capital. "We're working on it but we're not ready to announce it," he said.

In the second quarter this year Manufacturers Hanover had income of $34.26m. before securities transactions, or $1.16 a share. Net income after securities transactions was $34.17m. or $1.16.

In the fourth quarter last year the company had income before securities transactions of $32.23m. or $1.08 a share. After securities transactions the net income was $28.36m. or 96c.

Primrose reports turnover rise

BY RICHARD ROLFE

JOHANNESBURG, Sept. 14.

THE MAIN brick manufacturer in South Africa, Primrose Industrial, has reported a big rise in turnover, from R29.7m. to R38.5m., for the year ended June 30, but margins were squeezed severely and pre-tax profits rose only from R6.3m. to R7m. The chairman, Mr. David Lurie, now doubling as chairman of Abercom, from which Primrose was hived off three years ago, regards this outcome as "reasonably satisfactory in the climate prevailing." The dividend was raised from 19 cents to 24 cents, which suggested substantial optimism at the time of the preliminary announcement, but the chairman's statement says a forecast of this year's dividend will only be made after the six-month figures are known, which suggests that bets are being hedged to an extent. Meanwhile, Primrose shares stand at 175 cents (capitalising the company at R19m.) and yield 13.4 per cent.

Bearing in mind the close relationship with Abercom, it is worth noting that the latest accounts, audited by Goldby Compton and McKelvie, who are affiliated with Touche Ross, are not qualified although the Abercom accounts, done by Deloitte, carried a qualification because of Abercom's failure to provide for deferred tax arising on tax allowances. Like Abercom, Primrose makes an annual transfer to tax equalisation reserve, and Mr. Lurie says "the philosophy of the two groups is exactly the same." However, an important distinction may be that Abercom has a tax equalisation fund and Primrose a tax equalisation reserve. In the latter case, amounts transferred to the reserve have been charged against accumulated funds much in keeping with the APB statement on deferred tax whereas Abercom's fund is discretionary.

Bricks are a price-controlled product in the Republic and a review is expected early in the New Year which should help improve profit margins on the group's 76m. annual brick capacity. But it remains a sensitive area because of the rising cost of housing. Strikes have had only a marginal effect on output, as most of the group's labour is housed on site rather than in the townships. Moderate expansion of facilities is expected in the next few months and the main hope for continued profits advance appears to be pinned on optimum utilisation of capacity.

S. African steel merger

BY RICHARD ROLFE

THREE OF South Africa's major engineering groups, Hunt Leuchars and Hepburn, Wispeco, and Mitchell Cotts are to pool their fragmented steel reinforcing interests to form a powerful new R15M group, to be known as Steel Reinforcing and Allied Industries. The new group will be the biggest single supplier of reinforcing steel and wire mesh to the building and construction industry and could well control over 50 per cent. of the market. Negotiations were successfully concluded after two months of talks between the partners.

These companies are subsidiaries of Hunt Leuchars and Hepburn and of the reinforcing steel company which is equally owned by Mitchell Cotts and Wispeco.

The mechanics of the scheme are that HL and H Concrete, Sam Newman and Reinforcing Steel will sell their fixed assets (excluding property), trading stocks and shares to the new company. In addition, Hunt Leuchars and Hepburn and Reinforcing Steel will contribute R2m. each for a 50 per cent. shareholding and will provide R11m. between them for loan capital.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer	NOTES	Bid	Offer		Bid	Offer
Alcan 9½pc 1989	102½	103	Bank of Tokyo 8½pc 1981	100½	101¼	Ford 5pc 1988	84	86
Aquitaine 10pc 1985	104¼	104¾	Barclays 8½pc 1982	102½	103½	General Electric 4½pc 1987	89½	91½
Bowater 9½pc 1986	101½	102½	British Gas 9pc 1981	100	100½	Gillette 4½pc 1987	77	79
Caisse Natl. Auto. 9pc '86	99½	100½	Charbonnages F. 8½pc '81	100	100½	Gould 5pc 1987	96	100
CNE 9¼pc 1985	100½	101½	Denmark Mt. Bk. 9pc 1983	100¾	101½	Gulf and Western 5pc 1988	95	97
ECS 9¼pc 1984	101½	102	ECS 8¾pc 1981	100¾	101½	Harris 5pc 1992	94	96
EIB 9½pc 1985	103½	104¼	EEC 8½pc 1982	99	99½	Honeywell 6pc 1986	[illegible]	[illegible]
Erap 9½pc 1985	102½	103	Montreal Urban 8½pc 1981	98	98½	ITT 4½pc 1987	78	80
Esso 9pc 1986 Nov.	100¾	101¼	Nacl. Financiera 10pc '81	102½	103¼	Komatsu 7½pc 1990	109½	111
Eurofima 9½pc 1985	100½	101	NCB 8¼pc 1981	[illegible]	99½	J. Ray McDermott 4½pc '87	147½	149½
Granges 9½pc 1985	102¼	103	N. Brunswick Pv. 8½pc '83	100¾	101½	Mitsubishi Elec. 7½pc 1991	104½	106
ISE Canada 9½pc 1986	102¼	103	Seagram 9pc 1982	101½	102¼	Mitsui 7½pc 1990	104½	106
Massey Ferguson 9½pc 1991	101½	102¼	Source: White Weld Securities.			J. P. Morgan 4½pc 1987	107½	109½
Michelin 9½pc 1986	100	100¾	CONVERTIBLES			Nabisco 5½pc 1988	92½	93½
Modo 9½pc 1983	101½	102¼	American Express 4½pc '87	84	85	Owens Illinois 4½pc 1987	99½	101½
Natl. Westminster 9pc 1986	99	99½	Ashland 5pc 1988	93½	94½	J. C. Penney 4½pc 1987	82	84
Norpipe 9½pc 1986	100¾	101	Beatrice Foods 4½pc 1992	99½	101½	Pioneer 6½pc 1988	298	
Norsk Hydro 9½pc 1986	102	102½	Beatrice Foods 4½pc 1992	116	118	Raymond 8½pc 1983	101½	102½
Oslo 9pc 1988	100½	101	Borden 5pc 1992	100½	102¼	Revlon 4½pc 1987	111	113
Pacific Light 9pc 1985	96½	97	Broadway Hale 4½pc 1987	77½	79½	Reynolds Metals 5pc 1988	[illegible]	84
Prov. Quebec 9pc 1984	100½	101½	Canon Camera 7½pc 1988	147		Sperry Rand 4½pc 1987	97½	99½
Sandvik 9½pc 1986	101½	102¼	Carnation 4pc 1987	86	88	Squibb 4½pc 1987	79½	81½
Pv. Saskatchewan 8½pc '86	99½	100½	Chevron 5pc 1988	116½	118½	Texaco 4½pc 1988	78½	80½
SFE 9pc 1985	100	100½	Dart 4½pc 1987	85	87	Toshiba 6½pc 1990	107	108½
Shell 9pc 1989	100½	101½	Eastman Kodak 4½pc 1988	108	110	Union Carbide 4½pc 1982	112½	114½
Stand. Oil (Ind.) 9½pc '89	101	102½	Economic Labs. 4½pc 1987	78	80	Warner Lambert 4½pc 1987	91	93
Svenska Handels 9½pc 1986	101	101½	Fed. Dept. Stores 4½pc '85	116	118	Warner Lambert 4½pc 1988	84½	86½
Volvo 9½pc 1985	103½	104¼	Firestone 5pc 1988	87	89	Xerox 5pc 1988	77	79
			Ford 6pc 1986	94½	95½	Source: Kidder Peabody Securities.		

LMS expects further earnings growth

THE CHAIRMAN of London Merchant Securities, Lord Rayne says the strength and variety of the group's holdings offer every prospect of further improvement in both earnings and asset values.

Greatly improved profitability was achieved in the year ended March 31, 1976 and this trend is being maintained, the chairman says.

Pre-tax profits in 1975-76 rose sharply from £2.96m. to £4.66m., benefiting from both increased earnings and the fall in interest charges produced by the reduction in short-term borrowings.

Work commenced at the end of the year on a 30,000 sq. ft. office-commercial building for Kensington Commercial Property Investments. The building when completed and let is expected to make a valuable addition to the group's portfolio of central London property.

No other new developments were undertaken by the property investment companies during the year, but further progress was made with projects in train. *Important lettings and selective* sales have been concluded—in all cases on satisfactory terms—and current experience is encouraging, the chairman says.

The short-term borrowings of the property division were again reduced and further material reductions are currently being achieved. There continue to be no development commitments for which long-term finance is not available on advantageous terms.

Carlton Industries made impressive progress in its major lead-acid battery division, both in the U.K. and overseas, while the Scotch whisky division showed a further improvement and the house-building subsidiary maintained earnings in a difficult year for both. Borrowings were reduced substantially and a material increase in profits is expected in the current year.

Directors consider that, pending the stabilisation of property market values, it would not be meaningful for an independent valuation of the group's investment properties to be incorporated in the accounts.

However, in the opinion of the directors, the proportion of market value attributable to LMS is materially in excess of the corresponding book figure.

Quoted securities are shown at a book cost substantially below their current market value, while property held by trading companies and the important holding in Century Power and Light are also estimated to have a value significantly greater than the book cost at which they are shown.

At the financial year end, group properties had a net book value of £90.54m. (£93.95m.) comprising completed and revenue producing £69.51m. (£69.41m.); in course of development, £7.98m. (£10.32m.) and industrial properties, £13.05m. (£14.21m.).

Millrayne Holdings, in which Lord Rayne has a 52 per cent. interest, holds 22,551,528 Ordinary shares of LMS.

The holding by LMS in Beaverbrook Newspapers represents 29.59 per cent. Meeting, Winchester House, EC, October 7 at noon.

Good start for Marling

Shareholders at the annual meeting of Marling Industries were told that the current year had begun well with both turnover and profits running at higher levels.

Particularly encouraging was the sharp increase in exports from the U.K.; and the present order position was such that the group should sell more abroad this year than ever before.

Hoskins & Horton setback

Civil engineers, hospital equipment manufacturers, etc., Hoskins and Horton reports a decline in pre-tax profits from £324,300 to £264,600 for the first half of 1976 and the directors warn that it is probable that the second half will *not equal last year's £324,929.*

The interim dividend per 20p share is held at 1.355p net—last year's final payment was 2.9p.

Turnover for the half year expanded from £3.51m. to £3.7m. *After tax of £134,700 compared* with £170,100 the net balance emerges at £129,900 against £154,200.

R. K. T. TEXTILES

R.K.T. Textiles has corrected its interim dividend, announced last week. The payment will be 1.5828p (same) net and not 1.5825p, as previously reported.

Expansion by Oil Exploration

After exploration expenditure written-off amounting to £63,000, compared with £155,000, first half 1976 pre-tax profit of Oil Exploration (Holdings) expanded from £0.46m. to £0.68m. For 1975 the figure was £0.72m.

The price of gas sold to the British Gas Corporation will be reviewed with effect from October 1, 1976, and subject to production and demand continuing as forecast, the directors are confident that the results for the full year will show a substantial increase over 1975.

The increase in sales proceeds for the first half results from the combined effect of the higher gas price negotiated with effect from October 1, 1975 and a rise in volume sales from the Hewett Gas Field.

The company has an 8.32 per cent. interest in the recently-announced "Thelma" oil discovery on block 16/17. In early September another well was spudded about 4½ miles north of the discovery.

A strong group of British, European and American interests *have been organised to apply for* licences in the fifth round of U.K. *allocations. The company's new* subsidiary, Oil Exploration (Scotland), will act as operator of this group. The directors expect to be one of the few independent British companies leading a fifth round application group.

Seismic work is expected to commence on the Esk Valley-Cousland Anticline area in the last quarter of 1976.

	First half 1976 £000	First half 1975 £000	Year 1975 £000
Sales proceeds ...	1,336	934	1,892
Operating profit ...	745	616	1,232
Expln. expnd. w/o	63	155	517
Profit before tax	682	461	715
Corp. tax & def.	355	240	334
Net profit	327	221	381
Extraord. debits...	—	—	60

H. Woodward lower in first half

Turnover of H. Woodward and Son, car dealers, etc., was down *slightly from £3.57m. to £3.42m.* in the half year to March 31, 1976 and profit was £148,953, compared with £176,888, subject to £77,455 (£91,981) tax.

The interim dividend is held at *0.4p net—last year's final was 1.3p* and profits were £0.28m.

New pension plan from Equitable Life

The Equitable Life Assurance Society has launched a new Retirement Policy for the Self-Employed under which contributions are paid monthly by direct debit. This is an unusual method of payment, the normal system being either annually or by recurring single premium.

Benefits take the normal form—a pension which can be taken at any time between ages 60 and 75, with the option to commute part of the pension for a tax free lump sum or return of premium plus 6 per cent. per annum compound interest if death occurs before retirement. The guaranteed pension is increased by bonus additions and the company is among the leaders for this type of business.

The new contract is designed for investors with a steady cash *flow who would find monthly pay*ments more convenient. The minimum monthly premium is £10 and the maximum annual outlay for tax relief at the top rate is £2,250.

Tate's offer is a 'bad one'

Pointing out that the decision not to refer Tate and Lyle's £44m. takeover bid for Manbré and Garton to the Monopolies Commission was taken "in the face of strong opposition from the Office of Fair Trading and was in conflict with the personal views of Mrs. Shirley Williams." Mr. Frank Smith, the Manbré chairman describes the Tate offer as "a bad bid" in a new letter to *shareholders.*

"Mrs. Shirley Williams, in her letter to me explaining some aspects of her decision, draws attention to the fact that the outcome of the bid, and therefore its total implications, rests in your shareholders' hands and not with the Government," declares Mr. Smith. "This now is indeed the case," he adds.

Mr. Smith says that substantially, the whole of the last Tate and Lyle circular "comprises knocking copy with a view to depressing the value of your stock units." He will be writing again within the next few days "to dispose of" this.

Manbre's shares closed unchanged at 176p. Tate and Lyle's were 3p up at 218p.

Thorn buying Oliver Pell

Thorn Electrical Industries is making an agreed bid to acquire Oliver Pell Control for £270,748 cash. The terms are £2 cash for the Ordinary and 55p each for the Preference shares.

The Pell directors, who hold over 83 per cent. of the Ordinary and 24.8 per cent. of the Preference, unanimously recommend acceptance and intend to do so in respect of their own holdings.

Oliver Pell is engaged in the design and manufacture of electro-magnetic components.

WILLIAM JACKS

William Jacks and Co. has entered into a conditional contract with William Jacks and Co. (Malaya) Berhad—an associated company in which it holds a 29 per cent. stake—whereby Jacks Malaya has agreed to purchase from Jacks 307,500 Ordinary shares of Skinner Manufacturing Pty., being the 30 per cent. of the capital which it does not already own. Cash consideration will be some £300,000 and this will be used in the reduction of Jacks' borrowings.

NEB backing for Agemaspark

The National Enterprise Board is to acquire 30 per cent. of the capital of Agemaspark, a private company manufacturing spark erosion machines, by subscribing £100,000 for new ordinary shares. In addition the NEB is subscribing £50,000 for 8 per cent. Preference shares 1983 and providing the company with a five-year loan facility of £200,000.

This will be the NEB's 11th stake in a British company. A spokesman for Agemaspark said that the finance was needed for expansion and to repay a Swiss franc loan of about £170,000. He said that the banks would only have been willing to advance the company about £100,000.

The company expects to achieve sales this year, half of *them overseas, of £1.85m.*—a third up on 1975 and five times the level of 1971.

ASSOCD. NEWS. ACQUIRES NEWTON

Associated Newspapers Group offer for the Ordinary units of John M. Newton and Sons has become unconditional and the offer for the Preference has been declared unconditional. They will *remain open.*

Acceptances of the Ordinary offer have been received in respect of 3,446,280 units. With the 47,500 Ordinary units held before the offer period and 56,000 acquired during the period the A.N. total holding is 3,549,780 units (94.66 per cent.).

Acceptances of the Preference offer have been received in respect of 62,057 units (82.06 per cent.).

Benjamin Priest is bidder for Crane's

Benjamin Priest and Sons (Holdings), the West Midlands mechanical handling, etc. company, *yesterday emerged as the* bidder for Crane's Screw Holdings. The bid, which has the support of the Crane Board with 19.05 of the capital, values of the company at £482,300 is worth 96.5p for every five Crane shares.

Industrial and Commercial Finance Corporation, which together with its present holding and an option on a further 300,000 shares will control 32.08 per cent. of the shares, is willing to accept in respect of its present holding of 502,000 shares. ICFC intends to exercise its option if the offer becomes unconditional and accept in respect of the new shares.

Mr. F. A. Evans, a non-executive director of Crane's, is opposing *the bid and recommends rejection* of the terms "both on procedural grounds and on the grounds that disposal in the current economic conditions would not be in the interest of the outside shareholders and the price offered is inadequate in relation to the asset value and potential earning capacity of the Crane group."

Mr. Evans' shareholding amounts to just under 13 per cent. of the enlarged capital. He intends to circulate shareholders setting out his objections at an early date.

Priest's intention to make the offer is conditional on the directors of Crane's confirming:

(a) That the profits before tax of Crane's and its subsidiaries in the second half of the year ended July 31, 1976 *were not less than* £40,000.

(b) That the net tangible assets as shown by the consolidated balance sheet as at July 31, 1976 attributable to the ordinary holders will be not less than £575,000.

(c) That there have been no material changes in the assets and liabilities, contingent or otherwise, of Crane's since July 31, 1975, apart from those resulting from accruing profits, the disposal of "colgryp" as set out in a circular to shareholders dated September 3, 1975, the sale of the Wright Street factory for £27,500, less attributable costs, and also the intended exercise of ICFC's option.

FAIRBAIRN LAWSON

Clabir Europe has acquired a further 72,000 Ordinary shares in Fairbairn Lawson increasing its stake in the company from 25 to 28 per cent. of the equity.

Fairbairn shareholders were told at the annual meeting in May that Clabir did not intend to increase its holding to 30 per cent. where it would be required to make a bid under the Takeover Code.

LEAD INDUSTRIES

Lead Industries Group is offering to acquire the 15,000 Harringtons and Goodlass Wall 7 per cent. Cumulative Preference shares for 140p cash, or five 4.9 per cent. Lead Industries Preferred Ordinary for every two Harrington Preference shares.

The company owns 53 per cent. of the Harrington equity. The Cumulative Preference shares are quoted on the Irish unit of the Stock Exchange.

NO PROBE

The proposed merger of Reckitt and Colman and Winsor and Newton is not to be referred to the Monopolies Commission.

SHARE STAKES

English Card Clothing — Carclo Engineering has purchased a further 70,000 Ordinary shares making total 911,000 (13.9 per cent.) shares.

Mr. M. L. T. David has purchased a further 4,000 Ordinary shares in Nelson David. Total beneficial and non-beneficial holding of himself and his wife now amounts to 793,360 Ordinary *shares (13.95 per cent.).*

Following the appointment of new trustees, Mr. Cecil J. Hall is interested in 446,776 Sayers (Confectioners) shares (previously no interest), Mr. James W. Bateson also in 446,776 shares (previously no interest) and Mr. Anthony K. Dod in 413,182 shares (previously 839,938 shares).

Birmingham and Midland Counties Trust bought between September 2 and 9 a further 40,000 Westminster and Country Properties Ordinary shares making total holding 483,334 (15.25 per cent.).

Birmingham and Midland bought between August 25 and 31 *a further 3,000 Shaw and* Marvin Ordinary shares making total holding 172,300 (11.3 per cent.).

Prudential Assurance is no longer interested in any of the Grange Trust's 5 per cent. preference stock but still holds 1,012,880 Ordinary shares (10.8 per cent.).

Deelkraal is to make a R.50m. rights issue

BY KENNETH MARSTON, MINING EDITOR

THE AWAITED further raising of capital for the Consolidated Gold Fields group's developing Deelkraal gold mine is to take the form of a R50m. (£32.9m.) rights issue. Thus the equivalent of 178 cents (117p) per share on the existing capital of 28m. shares is to be raised. Last night's London cum-premium price was 6p down at 98p.

But the terms of the issue, for which 42m. new shares are to be created, will not be announced until October 15. Major holders of Deelkraal are Gold Fields of *South Africa and Consolidated* Gold Fields with respective beneficial interests of 49.88 per cent. and 24.88 per cent.; the holding companies are expected to take up their entitlements with the use of internal resources and not to pass on the offers to their own shareholders.

Deelkraal has nearly used up the R50m. raised by previous share issues and total expenditure to date plus that estimated for the *future amounts to R110m.* But no attempt is made to estimate the ultimate spending needed to reach production (in 1980) which will depend on inflation rates.

Deelkraal's previous rights offer of R40m. applied to holders of GFSA and was made *in May 1975* when the gold price was around $170 per oz. It is currently $111¼ but the company maintains that calculations based on forecasts of gold prices and cost trends "*confirm that this is still a worthwhile* investment."

Gold outlook

Meanwhile Mr. Robin Plumbridge, Chamber of Mines president and a *deputy chairman of* Gold Fields of South Africa, has warned that if the gold price remains at current levels for a long time there will be a significant reduction in gold production and in the employment of whites and blacks in the South African mining industry. He pointed out yesterday, reports our Johannesburg correspondent, that 16 of the 42 major mines were showing a loss on gold operations and these employed 30 per cent. of the labour force.

The industry remained confident, however, that market forces would in time restore gold mining profitability, but the situation in the short term caused concern. Mr. Plumbridge added that despite the negative factors, the gold market at present probably enjoys a higher underlying technical strength, imparted by the recovery of industrial demand, than has been evident since 1972.

In 1974 industrial demand accounted for 446 tons of gold, in 1975 it was 710 tons and this year industrial offtake is *expected to exceed 1,000 tons,* over 70 per cent. of the expected total gold supply. This strong demand, allied with other factors, promised improvement in the course of time.

RANDFONTEIN TO BUY S. ROODEPT.

South Africa's General Mining group has agreed terms with Johannesburg Consolidated for sale of its small gold mine, South Roodepoort to Randfontein, placing a share price of 100 cents (66p) cash on the 1.4m. South Roodepoort shares. Though this *is a relatively minor expenditure* for Randfontein, the advantages of the deal are considerable, reports our Johannesburg correspondent.

It provides Randfontein with housing for a number of mineworkers, access to South Roodepoort's mill capacity of 30,000 tons per month and enables it to reverse an old arrangement, dating back to 1937, by which South Roodepoort had subscrip*tion rights to any new mine* formed in the area between what is now Randfontein's Cooke section and the Durban Deep mine.

South Roodepoort has only mined the upper reef horizons on its lease area as the lower reefs are reserved to "Johnnies" and Randfontein pending completion of mining at South Roodepoort. As its gold price break-even point is $143 per ounce it will require a rapid improvement in the gold price to change the situation. Yet in 1974-75, South Roodepoort spent R1.9m. on re-equipping its Gauff shaft—more than Randfontein is now offering for the whole operation.

GOLD AND BASE MAY PAY OUT

Shareholders of Gold and Base Metal Mines, who received no dividend last year could, it appears, look forward to a payment within the *fairly* near future. Legal experts in Nigeria are now working on the Heads *of Agreement for a joint venture* between the company's tin-mining *subsidiary in Nigeria and the* State-owned Nigerian Mining Corporation for a joint venture to develop the Liruie deposit.

This will lead to the reimbursement of funds already paid out on the project by Gold and Base. Between January, 1974, and February, 1976, these were Naira 781,367 (£682,050). In answer to a question at the annual meeting yesterday, the chairman, Mr. N. H. Marshall, said some of these *funds would be available* for distribution in this country.

Mr. Marshall disclosed that pre-tax profits for the first half of this year were approximately £35,000. This compares with £12,000 for the first half of 1975. Mr. Marshall is also the chairman of Ex-Lands which reports a pre-tax profit for *the first half of £30,000,* compared with £64,000 at the half-way stage last year. The contribution from mining was £14,000. Gold and Base were 6p yesterday and Ex-Lands were 12p.

ROUND-UP

The Japanese company, Nippon Steel, *is spending about $A12m. (£8.57m.)* to acquire a 3 per cent. stake in Robe River Iron Ore Mines of Western Australia. The acquisition will be made by reducing the stake of Mount Enid Iron from 5 per cent. to 2 per cent. Nippon Steel will take more than half the mine's annual shipment. Other partners are Cliffs Western Australia Mining, Mitsui Iron Ore Development and Robe River.

* * *

The chairman of Tanganyika Concessions, Mr Alexander Hood, told shareholders at the annual meeting in Nassau that particular emphasis would be placed next *year on appraising three gas* discoveries in the North Sea. He anticipated one would be commercially viable. He added that conditions for re-opening the Benguela Railway in central Africa to international traffic had not yet been achieved. "Tanks" were 171p yesterday.

* * *

The Australian nickel producer, Western Mining, announces an operating profit for the year to *June 29 of $13.44m. (£9.6m.),* which was $883,000 less than the year before. The final dividend is 2.5 cents (1.788p), making a total for the year of 5 cents, compared with 6 cents in the preceding year. Although nickel revenue increased after price rises, all production was not sold on the depressed market and finance charges for the stockpile were higher at a time of inflating costs. Western Mining were 172p yesterday.

RTZ to handle £30m. Saudi exploration

SAUDI ARABIA has enlisted the services of Rio Tinto-Zinc, for an undisclosed fee, to set up a *geological mission there.* The contract has been awarded to the group's Riofinex subsidiary and *the budget approved for the work* during the current development plan, which runs until 1980, *amounts to about £30m.*

The Saudi money is to be spent in mineral exploration evaluation and feasibility studies, complementary to the geological and exploratory survey now being conducted by existing missions in the country. Riofinex will be seeking all minerals, but its terms of reference exclude oil.

As reported earlier this month the Consolidated Gold Fields subsidiary, Gold Fields Mahd Adh Dhahab, *has signed an exploration* licence with the Saudi Ministry of Petroleum and Mineral Resources and a joint venture agreement with the General Petroleum and Mining Organisation of Saudi Arabia. In this case the exploration covers rights over some 1,600 sq. km. in the Mahd Adh Dhahab area and is primarily aimed at gold.

C.C.P. 45% LEFT WITH UNDERWRITERS

The £1.38m. rights issue by C.C.P. North Sea Associates on the basis of one-for-nine at £15 a share received acceptances amounting to 47,499 shares and excess applications for 3,84[illegible] shares, representing in aggregate 53 per cent. of the issue. The balance of 42,009 shares have been left with the underwriters.

Charterhall Finance whose own rights issue was left as to 342 per cent. with the underwriter Joseph Sebag, is joint underwriter to CCP's issue. Before CCP's rights issue Charterhall had a 37.02 per cent. stake in the group.

FARMING AND RAW MATERIALS

U.S. options plan for commodities

WASHINGTON, Sept. 14.

THE U.S. Commodity Futures Trading Commission has directed its staff to draft final regulations for options trading, including a three-year pilot programme for implementation in about 110 days.

The Commission said the regulations would be in two parts. The first part is mainly designed to "clean up" options trading by requiring future commission merchants offering options to register with the CFTC and to segregate funds, excluding commissions, which are derived from options transactions.

These regulations would become effective in 30 days, under the proposed timetable, the CFTC said.

The commission emphasised that the timetable calling for final regulations on options trading in 110 days was very tentative, but hoped it would be able to meet it.

Meanwhile, the Futures Industry Association in New York reported that commodity futures exchanges in New York took second place after the Chicago Board of Trade in the total number of transactions handled during the year to the end of June.

The New York exchanges turned over 7,806,146 commodity futures orders from July 1, 1975, to June 30, 1976, compared with the Chicago Board of Trade's 17,424,019. But the New York markets were busier than a year ago, handling 1,036,490 more futures business.

Further fall in London metal markets

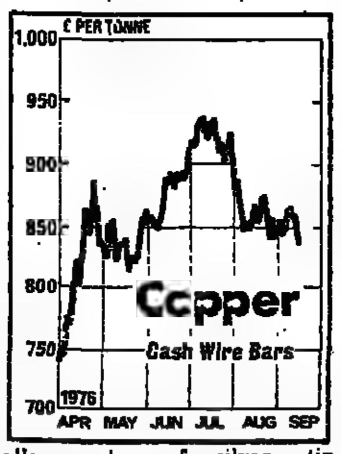
BY JOHN EDWARDS, COMMODITIES EDITOR

METAL PRICES fell again on the London markets yesterday despite the drop in the value of sterling. The decline reflected generally depressed sentiment, aggravated by fears that the threatened Ford Motor strike in the U.S. would upset the recovery in industrial activity there. However values picked up in later trading from the lows, following a report from Washington that the bill to authorise stockpile sales of surplus silver and tin had again been postponed.

By the close, copper cash wirebars were still £16.25 down at £836.5 a tonne, some £10 above the lowest levels, while cash lead was £5 lower at £269.5 and zinc 6.25 at £404 a tonne.

Cash tin recovered earlier losses to close £10 up at £4,497.5 a tonne. Silver values also ended the day higher with the spot quotation trading at 242.5p, after being cut to 239p at the morning fixing.

According to the Reuter report from Washington, the Senate Armed Services Committee again put off action, on the Bill to allow sales of silver, tin, diamonds and antimony from the national stockpile, because of the absence of key senators. But several senators present expressed doubts about the wisdom of disposing of as much silver (118m. ounces) as the administration proposes.



However, general sentiment on the metal markets remains gloomy in view of the failure of any significant consumer buying demand to emerge after the U.S. Labor Day holiday, which traditionally marks the end of the quiet summer months. Uncertainty about the strength of the U.S. industrial recovery has been rife, even before the threatened Ford strike. There is widespread speculation about whether U.S. copper producers may be forced to rescind recent price increases in the same way as the steel industry in view of the continuing surplus of supplies available.

In this mood, even the fall in the value of sterling has had much less effect than previously, although it is undoubtedly an influence in restraining "short" sales and preventing a move to lower price levels.

Other base metals have tended to follow the downward trend to copper. Tin prices have fallen in Penang and London, while lead has also declined, despite a strike at the Asarco smelter and refinery at Glover, Missouri. Asarco has now declared *force majeure* on shipments of concentrates to the plant.

Japan wool stock-pile proposal

TOKYO, Sept. 14

THE Japanese Wool spinning industry and wool importers will propose forming a joint committee with the Australian Wool Corporation (AWC) to discuss building a base for stock-piling Australian wool in Japan or elsewhere in south-east Asia, the Japan Wool Spinners Association said here.

The proposal will be made to the AWC chairman, Mr. A. Maiden, who is expected to visit Japan later this month for the opening of AWC's Japanese liaison office here.

The Association said the AWC has suggested building the stock-piling base in Hong Kong or Taiwan, because storage charges are high in Japan.

The Japanese Wool Industry, which previously opposed the stock-piling base plan, changed its attitude after the storemen and packers' strike earlier this year which disrupted raw wool shipments to Japan for a long period, the Association said.

In Sydney, meanwhile, the National Council of Wool Selling Brokers said that the small quantity of wool to be offered for sale in Australia this week could easily result in a general rise in value.

U.K. AGRICULTURE

End of an era with Peart's departure

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE DEPARTURE of Mr. Fred Peart from the Ministry of Agriculture marks the end of an era. In his most recent spell of office, he unwound the intervention of the Labour Party in farming policy and handed almost all responsibility for British farming to the EEC Commission in Brussels. Labour's interest began in the 1929-31 *Government when Dr. Addison*, the Minister of Agriculture instigated the Agricultural Marketing Acts from which stemmed the milk, hops wool and other marketing Boards.

Dr. Addison was unable to implement the Act, but National and Conservative ministers did so after that Labour Government fell, and farmers came to appreciate the Acts, although few of them really cared for their origin.

Mr. Peart was involved as Parliamentary Private Secretary to Tom Williams, the longest-serving Minister of Agriculture, during the post-war Labour *Government when an alliance* with the National Farmers' Union under Lord Netherthorpe was formed to bring in the Agriculture Act of 1947. The Act was intended to set up for the first time in any country, a food policy whereby farming was guaranteed prices for "that part of the nation's food that it was desirable to grow in this country."

This was the post-war, cheap food policy, together with deficiency payments administered with varying degrees of farmer approval by successive Conservative Ministers, until Fred Peart became minister in the 1964 Labour Government. He came in at a bad time. Price *review awards had been un*popular and he faced with great courage some hostile farmers' meetings.

He always professes to have been guided by Tom Williams and certainly his relations with NFU leaders, while not as close as the partnership between his mentor and Lord Netherthorpe, has been fairly effective. He has had some notable changes of heart. He was for long an outspoken anti-Marketeer, but changed his mind when it came to the crunch.

When first made Minister, he claimed to be a pragmatist, and this quality was demonstrated in his negotiations with fellow Ministers in Brussels. All the talk about renegotiating the treaty, amending the Common Agricultural Policy and letting the consumer have the benefit of surpluses has come to nothing. In explanation of several notable turn-arounds, he always said he was being *communautaire*. It could be said that he is more *communautaire* than almost any of his colleagues.

One could not credit him with any knowledge of the science, practice or business of farming. His contribution has been an uncritical, and possibly too trusting, support of his civil servants, and an absolute loyalty to Cabinet decisions. He has, though, it is believed, put farming's case very strongly in Cabinet, and has always been accessible to advice from Sir Henry Plumb and other farm leaders.

The transition from previous policy to the Common Agricultural Policy is becoming absolute. The sacred cows of the Agriculture Act—deficiency payments, planned production in the national interest and the rest—have been jettisoned. Under EEC rules, the Milk Marketing and other Boards will most probably be abolished at the end of transition. Britain's own little pimples of intervention stocks of dairy products, *meat etc., will be joined to the* massive European surplus mountains.

But Fred Peart leaves farming as the second most popular minister since Tom Williams. For much the same reasons—because farmers don't believe in shooting at a Minister who, like the pianist, is doing his best.

Tighter U.S. grain supply likely

BY PETER BULLEN

COMPETITION BETWEEN U.S. exporters and domestic users of grain will be heightened because the 1976 harvest does not look like being as bountiful as previously expected.

However, domestic use of feed grains and soyabean meal will be somewhat lower than estimated earlier, the U.S. Department of Agriculture said.

For maize, the USDA now expects the total domestic feed demand to be slightly more than this year's estimated 3.65bn. bushels, but this is some 4 per cent. below previous estimates, Reuter reported from Washington. Maize exports will be about the same as forecast earlier, with a rise in shipments to drought-hit Europe off-setting a slightly reduced demand from the Soviet Union.

With a large carry-over stock, *plus a record crop of wheat* expected, total supplies of wheat will rise to about 2.8bn. bushels, 240m. more than last year, resulting in stocks of around 950m. in June, 1977. The maize stocks at October 1, 1977, will still be larger than the 300m. bushels expected to be carried over from this October.

Meanwhile in London, the Home Grown Cereals Authority said the most recent estimates of grain harvests give cause for some optimism. Canda had estimated a record wheat crop in a total cereals harvest of 7.3m. tonnes which is 23 per cent. higher than last year.

The Ministry of Agriculture yield estimates published last week indicated that the U.K. cereal productio nis likely to be about the same as last year. "This is a more optimistic result than had been suggested by earlier commentators," it added.

Cocoa market recovery

By Richard Mooney

COCOA PRICES closed slightly higher on the London terminal market yesterday after falling sharply earlier in the day. In what dealers saw as a technical reaction to recent highs, futures values moved the £30 permissible limit down during the afternoon. But by the close, the December position was £0.5 up on the day at £1,546 a tonne.

The decline had been attributed by dealers to commission house selling and long liquidation. They said buyers were rather reserved, though some fresh buying was attractive at lower levels.

In Accra meanwhile, the Ghana Cocoa Marketing Board said purchases of 1976 mid-crop cocoa last week (the 14th of the season) totalled 693 tons. This brings cumulative purchases to 8,588 tons, compared with 7,990 *after 14 weeks last year*.

● In the Hague, the Dutch Central Statistics Office said cocoa bean grindings fell to 8,990 tonnes in August from 9,450 in August 1975, but were up from 5,540 tonnes in July.

Sudan planning to double chromite output

By James Buxton

SUDAN IS planning to double its annual output of chromite from 25,000 tons to 50,000 tons, a target which it hopes to achieve within two years. The expansion of the open-cast mining operation in the Ingessana Hills near Damazin in Blue Nile province will cots about Sudanese £1m. (£1.6m.)

The Ingessana Hills Mining Company, which was nationalised in 1970, exports most of its chromite to the Marubeni Corporation in Japan, but has recently concluded a supply contract with a Swiss concern. President Nimeiri recently said that he hoped that the U.S. would buy Sudanese cromite.

Rice stocks rise forecast

ROME, Sept. 13.

THE UN Food and Agriculture Organisation (FAO) expects a modest increase in rice stocks this year and a world rice crop only slightly down on 1975's record harvest of 346m. tonnes.

Carry-over stocks (excluding China and the USSR) are expected to rise to 16m. tonnes of milled rice this year, from 13m. in 1975. The forecast growth in stocks arises from the almost universally record harvest of last year. Apart from the rise in U.S. stocks to over 1m. tonnes this year from 230,000 tonnes in 1975, a large replenishment in India is expected, the FAO said.

World production in 1976 is forecast, on the basis of the latest information available, at 340m. tonnes of paddy, compared with 346m. tonnes in 1975 and 322m. tonnes in 1974. Even at the reduced level, 1976 world output will still be the second largest recorded, FAO noted. But the bulk of it will be harvested towards the end of the year and is still at a vulnerable growing stage, it added. Reuter

ALCAN STRIKE PEACE MOVE

MONTREAL, Sept. 14.

*Alcan Aluminum said a pro*vincial conciliator has called company and union negotiators together to-morrow for the first time since a walk-out made three Quebec smelters idle on June 3. Reuter

EEC farmers urge maize syrup curbs

BY ROBIN REEVES

BRUSSELS, Sept. 14.

THE INCLUSION of maize-based glucose syrups with a high fructose content in the EEC sugar regime—making it subject to the charges and constraints borne by Common Market sugar beet producers—has been demanded by the European farmers' organisation, COPA.

In a letter to the EEC Council of Ministers, COPA president Sir Henry Plumb, describes the present situation as "intolerable" and "irrational." Production and sales of beet and cane sugar in the EEC are subject to control and restrictions, as well as to financial participation of *producers in their selling costs.*

EEC production of glucose, with high fructose content, has already reached 200,000 tonnes. New plants have been planned which cover a total of 100,000 tonnes. In the medium term, and if no action is taken, the probable production could reach 1m. tonnes sugar equivalent, COPA claims.

The Council of Ministers agreed in principle in July to stop paying EEC subsidies on maize destined for the production of high fructose syrups from August 1 next year. But COPA holds strongly that this is not enough to establish conditions of equal competition.

It demands that maize-based sweeteners be subject to the Common Market organisation for sugar; that the competition distortions be compensated by a *production levy on high fructose* glucose syrups, and that the tax systems for sweeteners be harmonised in the Community. COPA adds that if these measures are not implemented soon, the Common Sugar regime and the Lomé sugar protocol will lose its whole purpose.

FARM CURRENCY RATES TO CHANGE

THE Intervention Board for Agricultural Produce said it has been advised that monetary compensatory amounts (MCA's) for the U.K. and Eire are likely to change in week commencing September 20 due to currency fluctuations.

The MCA percentage for the U.K. is likely to be minus 25.8 and the coefficient 1.258, and for Eire minus 21.5 per cent. and 1.215 respectively. MCAs are not expected to change for Italy and France.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	836.5	—21	856 7	—16½
3 months	868-9	—21	868-9	—16½
Settlem'nt	836.5	—21	—	.....
Cathodes				
Cash	823.5	—20.5	823 4	—17
3 months	845.5-6	—20.5	855-6	—17½
Settlem'nt	825.5	—20.5	—	.....
U.S. smt.	—		*74	.....

COPPER—Lower on the London Metal Exchange although prices were steadier in later trading. Forward metal opened at £870 and advanced £7 on short covering connected with sales on Monday. But this level could not be held as speculative selling entered the market, pushing the price down to £855 during the afternoon. A weak Comex opening gave no help to the market and it was not until it was announced that GSA sales of tin and silver in the U.S.A. would be deferred that any improvement in prices took place. The rise in silver encouraged the copper market, where short covering lifted forward metal to a closing price of £868.5 on the Kerb. Turnover 32,330 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £838, 7; three months £870, 71, 72, 71, 70.5, 70, 69, 68, 67, 68, 69, 69.5, 68, 68.5, 69. Cathodes, three months £855, 55.5, 55. Kerb: Cash £855; three months £865.5, 66, 67, 66. Afternoon: Wirebars, three months £858, 56, 59, 58, 60, 61, 60.5, 60, 61, 60.5, 61, 62, 63, 62, 66, 67, 69, 68, 67, 68, 67, 68. Cathodes: three month £855. Kerb: three months £867, 68.5.

TIN—Fluctuated with prices regaining some ground in later trading. A lower Eastern price overnight was one factor making for a depressed start, and forward metal moved down from £4,600 at the opening to £4,572 in the first ring on chartist and hedge selling. Some fresh buying and physical inquiry was apparent in the second ring of the morning, but the market was neglected in the early afternoon. Later, however, the news of the GSA deferment lifted prices so that forward metal closed at £4,625 on the Kerb. Turnover 785 tonnes.

I.G. INDEX 01-351 3466 February Soya Beans 150.60-151.20

TIN

LEAD

ZINC

SILVER

FREIGHTS

COCOA

COFFEE

RUBBER

GRAINS

WOOL FUTURES

MEAT/VEGETABLES

SOYABEAN MEAL

SUGAR

JUTE

VEGETABLE OILS

PRICE CHANGES

Prices per ton unless otherwise stated

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

Weak tone in grains: cocoa firm

NEW YORK, Sept. 15.

COPPER finished weak with chartist selling triggering Commission House stop-loss sales. Soyabeans finished limit-down on Commission House selling following the USDA crop report released on Friday. Cotton finished limit-up bid on speculative buying due to the same USDA report. Gold closed lower on trade selling following weaker London prices, Bache reports.

Cocoa—Ghana spot 132 (130½). Bahia spot 126 (125½). Sept. 120.45 nom. (115.70). Dec. 116.80 (114.80). March 110.75. May 106.60. July 102.70 nom. Sept. 96.90. Dec. 93.10. Sales 920.

Coffee—"C" Contract: Sept. 170.20 asked (170.30). Dec. 157.70-157.75 (155.70). March 147.75-147.50. May 145.85. July 144.00 asked. Sept. 141.90 asked. Dec. 140.30 asked. Sales 276.

Copper—Sept. 64.30 (68.30). 64.40 (68.40). Nov. 66.90. Dec. 67.50. Jan. 68.10 settlements. Sales 5,000 lots.

Cotton—No. 2: Oct. 79.50 bid (77.50). Dec. 79.41 bid (77.41). March 80.10 bid. May 81.06 bid. July 79.60 bid. Oct. 71.60-71.75. Dec. 69.20-66.30. Sales 2,150.

‡Gold—Sept. 114.20 (117.90). Oct. 114.50 (119.00). Nov. 114.30. Dec. 114.70. Feb. 115.40. April 116.00. June 116.80. August 117.60. Oct. 118.40. Dec. 119.20 settlements. Sales 1,403 lots.

Greasewool—Spot 150.0 nom. (same). Oct. 172.5-181.0 (same). Dec. 177.5-181.0 (same). March 177.3-187.0. May unquoted.

†Lard—Chicago loose 21.50 (21.00). NY prime steam 23.00 (22.50).

¶*Maize—Sept. 294-294½ (297½-298). Dec. 290-292½ (297½-295½). March 298½-299. May 303½-302½. July 305. Sept. 294½.

‡Platinum—Oct. 155.60 (160.50). Jan. 161.60 (163.60). April 164.50. July 168.00. Oct. 172.50. Jan. 175.00. Sales 595 lots.

‡Silver—Spot 414.00 (421.90). Sept. 419.20 (416.60). Oct. 419.40 (417.00). Nov. 421.10. Dec. 422.80. Jan. 424.10. March 428.10. May 432.20. July 436.40. Sept. 440.60. Dec. 447.70. Jan. 450.00 settlements. Sales 17,700 lots.

*Soyabeans—Sept. 706½ asked (729½). Nov. 716 asked (736). Jan. 721½ asked. March 724½ asked. May 724½ asked. July 721½ asked.

bSoyabean Meal—Sept. 194.00 (201.70). Oct. 194.50-194.00 (202.00). Dec. 197.50-198.50. Jan. 198.10-199.50. March 199.00-199.50. May 199.50. July 199.50-200.00.

STOCK EXCHANGE REPORT

Slight improvement following August trade figures

Share index up 2.7 at 341.4—Golds unsettled

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 6	Sep. 16	Sep 17	Sep. 28
Sep. 20	Sep. 30	Oct. 1	Oct. 12
Oct. 4	Oct. 14	Oct. 15	Oct. 26

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

With the outcome of the talks to avert the threatened seamen's strike still casting a cloud over markets, the reduced deficit in the August trade figures only had a slight impact on stock markets yesterday. British Funds held earlier gains ranging to ⅜ after the 3.30 p.m. announcement, but the final tone, to say the least, was uncertain. The Government Securities index improved 0.16 to 60.33, after having recorded an uninterrupted fall of 1.66 over the previous five trading days which culminated in a low for the year on Monday.

After improving in the morning in response to bear closing, leading Industrials drifted back to around overnight closing levels. A mark up of a few pence in the late dealings on the trade figures left the FT 30-share index 2.7 up on balance at 341.4, after 338.6. Trading was almost at a standstill in the afternoon session and there was a fairly notable fall off in official markings of 4,034 compared with Monday's 4,770.

Movements were rather sparse in secondary issues and, once again, it was left mainly to bid situations to provide the odd feature. Overall, the trend was narrowly irregular: falls led rises by 7-4 in FT-quoted Industrials and the FT-Actuaries All-Share index shaded 0.2 per cent. more to a fresh low for the year of 139.86.

Continued uncertainty in front of to-day's IMF gold auction prompted a fall of $3 to $111.50 per ounce in the price of bullion which in turn caused a sympathetic reaction in Gold mining issues. The Gold Mines index gave up 4.8 to 105.7 for a two-day fall 7.4

Gilts lack conviction

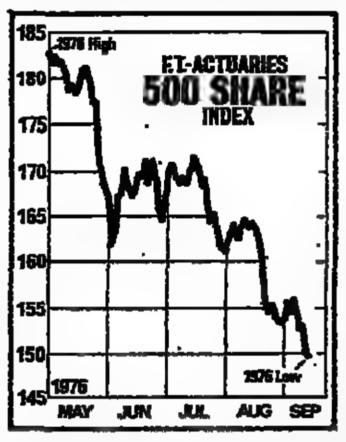
Gilt-edged continued to lack conviction despite being up by various amounts ranging from ⅛ in the shorts to ⅜ in high-coupon longs. Interest among the latter centred on the "tap" Exchequer 13¼ per cent., 1996, which, helped by overnight business, recovered ⅜ to 93½. Short-dated issues were swayed more by the movement in sterling and thus tended to be a little more volatile. The August trade figures provided relief more than encouragement and the promise late in the day of further slight improvement soon proved to be short-lived. Corporations were quiet and unchanged.

The trend in sterling continued to influence the investment currency premium, which rose to 114½ per cent. when the pound faltered in early foreign exchange market dealings. However, the premium subsequently reacted—more noticeably so after announcement of the August trade figures—to close a net ⅛ lower at 112¾ per cent. Yesterday's SE conversion factor was 0.7037 (0.6946).

Banks quietly firm

The big four Banks moved a shade higher in the late trade. Midland were 3 dearer at 245p and Lloyds 2 better at 190p. Overseas issues tended mixed with Bank of New South Wales, at 535p, retrieving 15 of the previous day's fall of 20. Hongkong and Shanghai, however, eased late to finish 5 off at 308p mainly on dollar premium influences. Slater Walker Securities held steady at 16p, with dealers reluctant to make a price ahead of to-day's publication of the condensed version of the long-awaited report by investigating accountants Peat Marwick Mitchell and Price Waterhouse with the full report and accounts. UDT picked up a penny to 16p in Hire Purchases

Insurance Composites remained a nervous market on fears about possible substantial claims arising from last week's Yugoslavian air crash. Sun Alliance shed 2 to a 1976 low of 358p, while similar



losses were seen in Guardian Royal Exchange, 166p, and Phoenix, 182p. Eagle Star, however, improved 2 to 106p; the interim figures are due next Tuesday.

Breweries and kindred trades displayed no set trend after a reasonable business. Distillers edged forward 2 to 122p, while higher profits helped Matthew Clark close a similar amount dearer at 36p. In a restricted market, George Sandeman rose 5 to 45p.

Buildings had little to commend them. AP Cement edged forward 2 to 132p, while further consideration of the interim results helped Federated Land harden a penny more to 21p. Richards and Wallington, however, were unmoved at 43p following the first-half figures.

The better-than-expected trade figures gave a late boost to ICI which closed 4 dearer at 317p in Chemicals. A dull market of late, Fisons continued easier at first, touching a 1976 low of 282p before rallying late to finish unaltered on the day at 283p: the interim results are due September 27. Hickson Welch receded 10 to 295p and Yorkshire were 4 easier at 100p.

Reyrolle advance

The resumption of an interim dividend payment plus the sharply higher first-half profits imparted strength to Reyrolle Parsons which, firmer at 103p ahead of the news, subsequently forged ahead to 114p for an overall advance of 13 during a good business. Philips' Lamp contrasted with a reaction of 22 at 850p, mainly reflecting Amsterdam advices. Other leading Electricals moved within narrow limits in a small trade before ending a little firmer on the day. GEC 7¼ per cent. Convertible, 1987/92, picked up 1½ points to £129: to-day is the last day for holders to convert their stock into GEC Ordinary shares. Elsewhere, the agreed cash bid from Thorn Electrical left Oliver Pell Control unaltered at the offer price of 200p. Racal Electronic, 168p, recouped 3 of Monday's fall of 9, while Telefusion "A," down 2 the previous day on the preliminary statement, regained a penny at 17p. Dowding and Mills put on 2 to 18p, but United Scientific declined 4 to 105p and Cray Electronic 1½ to 16½p.

Store leaders again stayed close to overnight levels during a slack trade. Marks and Spencer, 92p, and House of Fraser, 66p, were both finally a penny harder. Elsewhere, the maintained interim dividend announced with half-year profits no worse than expected led to an improvement of 2 to 37p in Audiotronic, while the preliminary statement left Amber Day a penny-firmer at 24p. Combined English Stores, however, shed 2 to a low for the year of 50p, unsettled by Press comment, while H. Samuel "A", on the lower half-time profits, eased a penny to 116p.

Engineerings were undecided. Press comment ahead of tomorrow's interim results encouraged firmness in GKN, which improved to 290p before closing a net 2 easier at 286p. On the other hand, Babcock and Wilcox picked up 2 to 70p in front of to-day's first-half figures, while Jones and Shipman, also with half-yearly results due to-day, held at 62p. A small demand in a narrow market lifted Ratcliffe (F.S.) Industries 5 to 25p, but Peter Brotherhood fell 5 to 71p after 70p. News of the £9.5m. precision forge machine investment saw Johnson and Firth Brown harden 1 to 50p and Barton and Sons were similarly better at 44p on the forecast of profits in the vicinity of last year's record level. Joseph Shakespeare remained at 27p despite the "rights" issue announcement.

Marginal movements either-way in Foods included Joseph Stocks which, in a restricted market, were raised 5 to 90p and Rowntree Mackintosh, down 2 more at 185p, after 183p. Robertson Foods, 67p, Fitch Lovell, 42p, and FMC, 37p, all drifted back to fresh 1976 lows, but J. E. England picked up 2 further to 25p. Manbre and Garton, 176p, were unaffected by the latest rejection of the offer from Tate and Lyle, which gained 3 to 218p. J. Lyons edged forward another 1 to 68p. Hotels staged improvements of a few pence, Grand Metropolitan, 60p, and De Vere, 87p, both gaining 2.

Wm. Crowther jump

Miscellaneous Industrial leaders, deriving a little comfort from the better-than-expected trade figures, generally closed modestly firmer. Unilever, however, saw fresh selling and closed 8 lower at 380p, after 378p, while the NV, on Amsterdam advices, were ⅛ cheaper at £21½. Beecham rallied 4 at 320p, while Reed International, 213p, and Turner and Newall, 141p, picked up 3 apiece. Elsewhere, Wm. Crowther, after the previous day's speculative advance of 13, jumped 60 more to 180p on news of the discussions which may lead to a 200p cash bid from British Land for the 24.6 per cent. of the equity not already owned. BTR, 145p, recovered 6 of Monday's fall of 8 awaiting to-day's half-time figures. News that the Reckitt and Colman bid is not to be referred to the Monopolies Commission left Winsor and Newton 2 firmer at 122p. Black Arrow hardened a penny to 10p on results not as bad as expected, while Robert McBride closed a shade better at 140p on the interim report. Macfarlane Group, on the almost halved first-half profits, shed 2 to a low for the year of 52p.

Further consideration of the half-year results helped Rolls-Royce Motors improve 3 to 54p. Other Motors and Distributors tended to go better late, but the overall appearance was still mixed at the close. Appleyard reflected the good first-half performance with a rise of 2 at 55p.

Scattered selling in a thin market took United Newspapers down 5 to 220p, after 218p, but remaining losses in the sector were marginal. Awaiting their respective interim figures, due to-day, News International eased 1 to 118p, while Liverpool Post held at 93p. Paper/Printings contained little of note although Bunzl Pulp drifted 1 cheaper to a fresh low for the year of 78p. Elsewhere, Woodrow Wyatt lost 2 to 21p, but A. and C. Black improved that much to 45p.

Oils out of favour

Oils passed through a lean spell in the continued absence of any institutional demand and, although the close was above the day's worst, Shell still ended 6 lower at 376p, after 374p. Similarly, British Petroleum shed 3 to 562p, after 558p, while overseas and investment currency influences caused Royal Dutch to react ⅝ to £37¾. Oil Exploration were 3 off at 89p and held that level late following the interim statement, which gave details of latest North Sea drilling coupled with a forecast of substantially higher profits for the year. Viking Oil partly-paid recovered 15 to 35p, but the fully-paid regained only 5 to 55p after Monday's fall of 110. Elsewhere, sporadic buying in a narrow market lifted LASMO/SCOT issues 5 to 210p.

Property leaders, depressed of late by the move to higher interest rates, picked up a little in places in thin trading. Land Securities, 134p, recouped 2 of the previous two-day fall of 11, while British Land, 20½p, and Town and City Properties, 7½p, recovered a penny apiece. Elsewhere, Bernard Sunley made a bright showing on renewed speculative interest, advancing to 111p before ending a net 5 to the good at 107p. Peachey Property, after having reacted 7 over the past two business days, hardened 1½ to 32p on revived take-over speculation. Also in firmer mood were Property and Reversionary "A", 7 higher at 163p, while Apex Properties, ahead of to-morrow's results, rallied a shade to 115p. Midhurst White picked up a penny to 14½p, but Intereuropean Property receded 3½ to 31p and London Shop Property 4 to 43p.

Among narrowly mixed Overseas Traders, Harrisons and Crosfield managed an improvement of 12 at 387p, while S. Hoffnung, 95p, and Lonrho, 68p, both hardened 2. On the other hand, Great Northern lost 2 points to £47.

Adverse Press comment following last week's first-half loss demoralised Robert Kitchen Taylor which dipped to a 1976 low of 17p, before a late rally left the shares 4½ down on the day at 20½p. Elsewhere in Trusts, further consideration of the results left R. P. Martin 3 lower at 69p. Lampa Securities, on the other hand, rose 3 to 123p following the Board's strong rejection of the 120p a share cash bid from a subsidiary of Royco.

Celebrating their return to profits for the first time since 1971, Mersey Docks edged forward ½ to 6p.

Courtaulds were marked up late to finish 2 dearer at 113p in irregular Textiles. British Mohair Spinners improved a penny to 28p on the sharply higher first-half profits, while Homfray put on 2 to 52p. By way of contrast, "Snia-Viscosa" lost 8 to 128p.

A shade firmer at the House close, the Tobacco leaders were marked up a penny or so more on the trade figures. BATs ended 4 up at 230p and the Deferred 5 better at 198p. Imps were a penny up at 71½p.

Singapore influences continued to help selected Rubbers. In Teas, Assam Frontier gave up 4 to 148p but Assam Dooars held at 117p in front of to-day's preliminary results.

Golds down again

Doubts over the outcome of to-day's International Monetary Fund gold auction continued to cast a shadow over the bullion price and shares of the metal's producers. The further decline in the gold price to $111.5 per ounce, a day's loss of $3 and a two-day fall of $5, prompted continued selling of shares from all quarters and the Gold Mines index lost 4.8 more to 105.7.

Among the heavier priced stocks, West Driefontein and Randfontein were both ½ lower at £14¾ and £16 respectively, while Vaal Reefs lost 75 to 800p. In the lower priced stocks, following the passing of the interim dividend, Harmony dropped 35 to 220p and in front of the R30m. rights issue, Deelkraal were 6 off at 95p. NK Properties, formerly New Klemfontein Gold, rose 2 to 19p reflecting Cape demand.

Financials mirrored Golds. Of the South African-based stocks, Anglo American, 230p and Union Corporation, 200p, both receded 10 and Gold Fields of South Africa gave up 30 to 825p. The London-based Financials were also easier with the notable exception of Selection Trust, which rose 10 to 410p following buying which was thought to be on hopes of the copper-zinc mineralisation found in Western Australia by the company's 84 per cent. owned Selcast: shares of the latter also improved to close 7 higher at 63p. Gold Fields, however, fell 7 to 132p, after 131p and Charter gave up 4 to a year's low of 116p.

Coppers were generally a few pence easier as were Platinums. Australians presented a mixed appearance in line with the trend in overnight home markets. Poseidon put on 10 more to 100p, after 103p, following bear closing. Elsewhere, persistent selling from the Cape left Consolidated Murchison 30 down at 630p.

FINANCIAL TIMES STOCK INDICES

	Sept. 14	Sept. 13	Sept. 10	Sept. 9	Sept. 8	Sept. 7	A Year ago
Government Secs.	60.33	60.17	60.49	60.97	61.38	61.82	61.22
Fixed Interest	59.68	59.68	60.50	60.51	61.07	61.16	61.01
Industrial Ordinary	341.4	338.7	345.4	348.3	350.4	357.6	326.0
Gold Mines	105.7	110.5	113.1	105.5	104.9	102.7	294.3
Ord. Div. Yield	6.56	6.60	6.52	6.42	6.36	6.24	6.34
Earnings Y'ld% (full) (a)	19.42	19.55	19.30	19.01	18.81	18.48	17.56
P/E Ratio (net) (b)	7.60	7.55	7.65	7.77	7.85	7.99	8.08
Dealings marked	4,034	4,770	4,137	4,495	4,117	3,968	3,101
Equity turnover £m	—	41.69	46.14	37.11	44.26	35.17	34.49
Equity bargains total		9,094	9,220	9,021	9,445	8,949	12,755

10 a.m. 338.6. 11 a.m. 340.2. Noon 339.9. 1 p.m. 338.6.
2 p.m. 338.6. 3 p.m. 338.8.
Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.54.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1)	60.17 (13/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.44 (2/2)	59.68 (13/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	338.7 (13/9)	549.2 (15/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1)	78.8 (25/8)	442.3 (22/5/75)	42.5 (26/10/71)

S.E. ACTIVITY

	Sept. 14	Sept. 13
Daily—		
Gilt-Edged	174.0	191.6
Industrials	123.3	161.7
Speculative	28.6	42.5
Totals	91.8	106.6
5-day Av'r'ge.		
Gilt-Edged	162.3	156.8
Industrials	137.1	137.0
Speculative	38.5	41.7
Totals	98.1	97.7

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section.

	Equity Groups	Tues. Sept. 14 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Est. P/E Ratio (Nil) (Corp. Tax 52%)	Monday Sept. 13 Index No.	Friday Sept. 10 Index No.	Thurs. Sept. 9 Index No.	Wed Sept. 8 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	127.31	−0.4	19.84	7.35	7.54	7.46	127.78	131.05	130.06	131.95	119.27	160.06 (31/4)	127.31 (14/9)	206.57 (4/5/72)	60.17 (13/12/74)
2	Building Materials (30)	114.98	−0.6	19.26	8.22	7.65	7.65	115.75	119.45	117.70	119.54	115.00	150.18 (15/1)	114.98 (14/9)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	170.30	−0.6	24.26	6.51	6.51	6.31	171.14	175.55	174.67	176.45	224.47	260.20 (16/1)	170.30 (14/9)	389.55 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	227.10	+0.1	19.49	5.85	7.67	7.46	226.92	233.12	233.29	236.66	208.17	287.30 (21/4)	226.92 (13/9)	560.04 (4/5/72)	86.71 (25/6/62)
5	Engineering (Heavy) (13)	154.50	−0.5	25.17	7.99	5.92	5.82	155.22	157.09	155.24	158.09	146.55	195.16 (5/5)	150.01 (25/8)	202.57 (6/6/75)	94.45 (1/2/75)
6	Engineering (General) (64)	119.98	−0.4	19.72	7.55	7.51	7.50	120.40	123.53	122.07	123.77	102.59	149.29 (5/5)	119.98 (14/9)	168.59 (4/6/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	51.77	−0.3	17.79	8.55	8.04	8.02	51.95	52.54	52.47	52.85	59.51	60.52 (5/5)	51.19 (5/1)	136.70 (4/7/65)	19.96 (13/12/74)
8	Miscellaneous (24)	114.16	−0.8	16.65	7.74	9.06	8.79	115.08	117.04	116.77	119.10	102.65	141.94 (11/6)	114.16 (14/9)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	107.17	−0.1	21.24	6.46	7.06	7.05	107.25	110.46	109.51	111.81	94.94	141.46 (21/4)	107.17 (14/9)	227.78 (31/4/72)	58.59 (6/1/75)
10	Lt. Electronics, Radio TV (15)	113.66	+0.1	21.12	5.12	6.98	6.97	113.50	117.67	116.66	120.07	115.56	160.55 (7/4)	113.50 (13/9)	357.41 (16/5/73)	42.65 (12/12/75)
11	Household Goods (13)	138.92	−0.2	21.20	8.60	7.19	7.16	139.22	141.60	141.62	143.00	138.08	187.22 (7/4)	138.92 (14/9)	263.22 (4/5/72)	63.92 (11/12/74)
12	Motors and Distributors (25)	70.87	−0.3	21.42	7.56	7.11	7.08	71.09	72.87	72.04	73.01	47.35	85.16 (5/5)	70.06 (6/1)	170.89 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	129.88	—	16.95	7.38	8.94	8.85	129.88	132.96	132.61	134.16	135.12	162.24 (4/2)	129.88 (14/9)	226.06 (16/5/72)	61.41 (13/12/74)
14	Breweries (15)	147.22	−0.7	16.03	7.75	9.54	9.34	148.25	150.26	149.95	152.22	158.05	179.45 (2/2)	146.23 (15/9)	281.67 (2/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	149.24	+0.5	15.86	7.34	9.58	9.68	148.56	150.55	149.25	150.55	155.66	190.67 (5/5)	144.44 (25/8)	257.40 (14/7/72)	78.71 (13/12/74)
16	Entertainment, Catering (14)	155.62	+0.6	16.04	8.58	9.62	9.65	154.65	156.19	157.55	161.50	153.59	211.26 (2/3)	154.65 (13/9)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	141.56	−0.7	18.95	6.52	8.05	7.92	142.52	144.70	145.14	147.95	147.25	178.44 (11/6)	141.56 (14/9)	211.65 (1/5/72)	59.79 (11/12/74)
18	Food Retailing (16)	117.24	+0.2	15.67	5.67	9.55	9.55	117.00	119.56	119.97	122.40	159.97	160.06 (12/1)	117.00 (13/9)	255.08 (16/2/72)	54.56 (11/12/74)
19	Newspapers, Publishing (16)	166.96	−0.9	14.47	6.16	10.49	10.49	170.46	175.54	172.56	174.28	154.86	184.34 (11/5)	167.01 (2/6)	250.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	89.54	−0.3	16.75	8.74	9.19	9.19	89.81	90.61	92.14	95.59	91.58	112.60 (26/2)	89.54 (14/9)	135.69 (28/4/72)	45.46 (6/1/75)
21	Stores (34)	106.06	−0.1	14.55	5.60	10.73	10.72	106.19	108.77	108.06	108.65	114.80	136.24 (2/2)	106.05 (14/9)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (23)	128.63	+0.6	14.29	8.95	10.58	9.34	127.95	131.86	131.87	131.96	141.58	183.19 (20/1)	127.93 (13/9)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobaccos (3)	197.02	—	22.24	8.76	6.69	6.69	197.02	205.51	202.95	205.54	192.51	241.89 (3/6)	197.02 (13/9)	339.16 (2/2/72)	94.54 (13/6/62)
24	Toys and Games (6)	69.25	−0.1	21.78	8.65	6.15	6.12	69.29	70.57	70.26	71.72	84.66	80.96 (16/7)	69.13 (22/1)	135.72 (18/1/70)	20.92 (6/1/75)
	OTHER GROUPS (95)															
25	Chemicals (26)	185.42	—	16.43	6.15	8.26	8.26	185.40	188.68	189.07	190.29	174.21	251.38 (3/5)	185.40 (13/9)	251.38 (3/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	79.07	−1.0	16.22	6.66	9.60	9.60	79.89	80.16	79.75	81.16	77.67	100.16 (19/5)	79.07 (14/9)	245.06 (1/9/72)	46.34 (2/1/75)
27	Shipping (12)	360.06	−1.7	13.71	7.27	10.39	9.39	366.12	375.56	365.45	363.79	350.62	482.64 (30/1)	365.52 (19/3)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (48)	136.09	−0.2	16.59	8.60	9.01	9.00	136.36	139.65	139.67	141.40	137.20	172.98 (21/4)	136.09 (14/9)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	133.46	−0.2	17.65	7.19	8.59	8.51	133.67	136.78	136.25	137.90	131.85	166.56 (4/5)	133.46 (14/9)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	324.25	−1.0	13.11	6.15	8.85	8.12	327.66	330.89	335.66	338.06	299.66	395.84 (20/5)	324.25 (14/9)	431.66 (29/6/69)	87.23 (29/5/62)
31	500 SHARE INDEX	149.11	−0.3	16.91	6.86	8.46	8.28	149.57	152.72	152.58	154.51	145.76	183.00 (5/5)	149.11 (14/9)	227.95 (15/5/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	112.56	+0.1	—	5.88	—	—	112.46	115.35	115.53	117.10	128.45	153.46 (30/1)	112.46 (13/9)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	137.85	+0.9	24.45	6.57	6.29	6.29	136.54	139.44	140.79	142.11	168.43	182.16 (29/1)	136.34 (13/9)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	133.51	—	—	10.38	—	—	133.51	137.24	137.55	138.54	160.98	186.52 (13/1)	133.51 (13/9)	295.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	82.54	−0.2	8.77	7.94	26.59	26.39	82.68	86.20	87.95	89.16	91.74	[illegible] (26/2)	82.54 (14/9)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	92.62	−0.4	—	7.74	—	—	93.03	96.77	94.65	95.54	110.59	129.46 (30/1)	92.62 (14/9)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	90.57	−0.7	—	7.98	—	—	91.28	95.66	92.67	94.08	103.49	119.75 (5/1)	90.57 (14/9)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	212.06	+0.3	12.75	6.51	11.71	11.71	211.52	216.19	214.32	216.57	197.74	276.90 (11/6)	211.52 (13/9)	276.90 (11/6/76)	65.86 (16/12/74)
39	Merchant Banks (16)	60.09	−0.7	—	9.31	—	—	60.49	60.51	60.24	61.14	84.19	93.83 (27/1)	60.09 (14/9)	278.57 (1/6/72)	31.21 (7/1/75)
40	Property (32)	139.12	+0.5	4.50	3.96	39.56	37.70	138.45	143.11	146.52	150.03	163.70	194.57 (30/1)	138.45 (13/9)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	68.72	+0.2	18.66	8.99	6.29	[illegible]	68.56	69.25	68.56	68.90	64.20	[illegible] (5/2)	68.44 (6/7)	303.13 (18/5/72)	38.29 (17/12/74)
42	Investment Trusts (50)	138.97	−0.1	5.86	5.45	26.81	26.81	139.07	139.72	138.95	140.33	153.95	184.55 (30/1)	137.57 (31/8)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	139.86	−0.2	—	6.79	—	—	140.17	143.12	143.01	144.68	141.63	172.64 (30/1)	139.86 (14/9)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	476.99	+0.2	9.72	8.08	15.07	13.79	475.90	465.66	449.98	449.55	391.14	523.40 (7/6)	404.87 (14/1)	566.37 (23/7/73)	84.66 (25/8/65)
45	Teas (9)	131.69	−0.6	30.75	9.66	4.38	4.20	132.44	133.40	133.07	133.26	101.89	142.43 (9/7)	117.89 (7/1)	142.43 (6/7/76)	59.72 (17/10/74)
46	Coppers (3)	186.55	−0.9	34.73	5.00	2.88	2.88	187.97	188.81	188.81	188.81	334.94	301.47 (7/1)	177.60 (9/3)	567.78 (15/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	84.88	−1.2	12.29	5.90	9.16	9.09	85.93	87.35	86.94	87.69	113.43	119.77 (7/1)	83.89 (25/8)	175.90 (22/4/69)	66.51 (30/9/74)
48	Tins (7)	102.57	+0.5	15.61	9.79	9.83	9.79	102.10	101.75	101.52	101.77	94.39	119.14 (20/1)	86.09 (9/2)	126.45 (12/1/73)	54.83 (27/6/71)
49	Overseas Traders (13)	202.11	+0.2	17.30	5.73	7.76	7.75	201.76	204.19	202.48	206.39	213.03	254.47 (5/6)	200.20 (31/2)	254.47 (3/6/76)	97.37 (6/1/75)

	FIXED INTEREST	Tuesday, Sept. 14 Index No.	Tuesday, Sept. 14 Yield %	Monday Sept. 13	Friday Sept. 10	Thurs. Sept. 9	Wed. Sept. 8	Tuesday Sept. 7	Monday Sept. 6	Friday Sept. 3	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.48	14.48	14.46	14.35	14.24	14.14	14.13	14.11	14.08	—	—	—	—
2	20-yr Govt. Stocks (6)	46.65	15.90	46.42	46.78	47.52	47.68	48.10	48.12	48.14	50.57	53.46 (30/1)	46.42 (13/9)	115.48 (11/3/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	46.63	15.78	46.78	47.49	47.55	48.09	48.02	49.04	49.39	47.77	52.40 (21/5)	46.63 (14/9)	113.43 (23/10/63)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	47.33	14.62	47.33	47.79	47.93	48.40	48.40	48.30	48.65	46.24	51.83 (18/2)	45.45 (7/6)	114.41 (14/9/65)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	67.22	13.98	67.23	68.11	68.08	68.86	68.90	68.76	69.14	64.52	71.97 (2/3)	62.76 (2/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	144.76	All Other	10/4/62	100.00
Toys and Games	16/1/70	135.72			
Office Equipment	16/1/70	162.74			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			
Food Manufacturing	29/12/67	114.13			

† Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.
A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p. —

A record of the indices, cost £38, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
BATs Defd.	25p	17	198	+ 5	225	160
Shell Transport	25p	11	376	− 6	462	374
ICI	£1	9	317	+ 4	402	313
Burmah Oil	£1	7	34	− 1	58	30
Cons. Gold Fields	25p	7	132	− 7	220	128
Marks & Spencer	25p	7	92	+ 1	108	88
P & O Defd.	£1	7	104	—	119	87
Rank Org.	25p	7	136	− 2	165	132
Allied Brew.	25p	6	60½	+ ½	77	39½
Fisons	£1	6	283	—	417	282
Grand Met.	50p	6	60	+ 2	85	58
Hanson Trust	25p	6	97	− 1	146	87
Hepworth Ceramic	25p	6	39	− ½	51	39
Lonrho	25p	6	68	+ 2	109	61
Midland Bank	£1	6	245	+ 3	320	242

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e)

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 1	Sep. 13	Nov. 25	Dec. 7
Sep. 14	Sep. 27	Dec. 9	Dec. 21
Sep. 28	Oct. 11	Dec. 30	Jan. 4

"Calls" were arranged in London Brick, Granada, ICI, Newman Industries, Beecham, Lex Service, EMI, Peachey Property, Swan Hunter, Slater Walker, Vickers, Tesco, British Land, Manbre and Garton, Shell Transport, Intereuropean Property and Brooke Bond. "Puts" were transacted in Thorn "A", Lucas, ICI, Ladbroke, Cavenham, Reed International, Standard and Chartered, Beecham, Bats Deferred and Beaverbrook, while double options were completed in Slater Walker, Fisons, ICI, Burmah Oil, Bats Deferred and Cavenham.

Industrials		B.M.I.	17	Midland Bank	22	Cap. Counties	5
		Fitch Lovell	6	Nat'l West Bank	20	E.P.	5
A. Brew	6½	Gen. Accident	12	"Do" Warrants	7½	Int. Europe	7
A. P. Cement	15	Gen. Electric	15	P& O Dfd	11	Land Securities	14
Assoc Leisure	3	Glaxo	55	Plessey	7	MEPC	7
BSR	9	Grand Met.	7	R.H.M.	5	Peachey	6
Babcocks	8	G.U.S. 'A'	16	Rank Org. 'A'	18	Samuel Props	4½
Barclays Bank	22	Guardian	18	Reed Int'l	23	Town & City	2½
Berrywiggins	5	G.K.N.	25	Reyrolle	11		
Beecham	26	Hawker Sidd.	35	Rothmans	4	Oils	
Boots Drug	12	House of Fraser	6	Slater Walker	4	Brit. Petroleum	40
Bowaters	16	I.C.I.	20	Spillers	4	Burmah Oil	4½
B.A.T.	21	"Imps"	7	Tesco	4	Shell	27
British Leyland	5	I.C.L.	14	Thorn 'A'	22	Ultramar	14
BOC In.	5½	Inveresk	7	Trust Houses	9		
Brown (J.)	9	Legal & General	14	Tube Invest.	27	Mines	
Burton 'A'	6½	Ladbroke	11	Unilever	38	Charter Cons.	15
Cadburys	6	Lex Service	5½	Utd. Drapery	8	Chart'rh'll Fin.	4
Cavenham	10	Lloyds Bank	22	Vickers	15	Cons Gold	18
Courtaulds	11	"Lofs"	4	WilliamsHud'n	4	Hampton Areas	12
Debenhams	8	London Brick	4½	Woolworths	8	Lourino	10
Distillers	15	Lucas Inds.	20			Rio T. Zinc	18
Dunlop	7½	"Mams"	7	Property		Western M.ng.	7
Eagle Star	11	Marks & Sp'ncer	8	Brit. Land	3½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (3)

AMERICANS (1)
Tenneco Inc.
HOTELS (1)
De Vere
INDUSTRIALS (1)
Crowther (W.)

NEW LOWS (129)

BANKS (3)
BEERS (1)
BUILDINGS (11)
CHEMICALS (2)
CINEMAS (1)
DRAPERY & STORES (16)
ELECTRICALS (6)
ENGINEERING (16)
FOODS (8)
HOTELS (2)
INDUSTRIALS (32)
INSURANCE (8)
MOTORS (1)
NEWSPAPERS (2)
PAPER & PRINTING (2)
PROPERTY (5)
SHOES (1)
TRUSTS (7)
OILS (1)
OVERSEAS TRADERS (2)
RUBBERS (2)
MINES (2)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	44	31
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	186	327	1,194
Financial and Prop.	79	97	402
Oils	5	11	20
Plantation	8	2	34
Mines	13	78	59
Recent Issues	5	9	25
Totals	333	517	1,893

BASE LENDING RATES

Allied Irish Banks Ltd.	12 %
American Express Bank	12 %
Anglo-Portuguese Bank	12 %
Henry Ansbacher	12 %
Banco de Bilbao	12 %
Bank of Cyprus	12½%
Bank of N.S.W.	12 %
Banque du Rhone S.A.	13½%
Barclays Bank	12 %
Barnett Christie Ltd.	13 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12½%
Canada Permanent AFI	12 %
Capitol C & C Fin. Ltd.	13 %
Cayzer, Bowater Co. Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12½%
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Securities	12 %
Credit Lyonnais	12 %
G. R. Dawes	11½%
Duncan Lawrie	12 %
Eagil Trust	12 %
English Transcont.	12 %
First London Secs.	12 %
■ Antony Gibbs	12 %
Goode Durrant Trust	11 %
Greyhound Guaranty	12 %
Grindlays Bank	12 %
■ Guinness Mahon	10½%
■ Hambros Bank	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Julian S. Hodge	13 %
Hongkong & Shanghai	12 %
Industrial Bank of Scot.	10½%
Keyser Ullmann	12 %
Knowsley & Co. Ltd.	13 %
Lloyds Bank	12 %
London & European	11 %
London Mercantile	12½%
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Northern Comm. Trust	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12 %
Rossminster Accept'cs.	12 %
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13 %
Shenley Trust	14 %
Standard Chartered	12 %
Trade Development Bk.	12 %
Twentieth Century Bk.	13½%
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8½%, 1-month deposits 8¾%.
† 7-day deposits on sums of £10,000 and under 8½%, up to £25,000 9% and over £25,000 9½%.
§ Demand deposits 9¼%.
‡ Call deposits over £1,000 8½%.

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 13 per cent. (since September 10, 1976)

Day-to-day credit was in good supply in the London money market yesterday and the authorities did not intervene for the second day running. Banks carried forward run-down balances from Monday, there was a net take-up of Treasury bills to finance, and an increase in the note circulation was also against the market's favour. These were outweighed by an excess of Government disbursements over revenue payments to the Exchequer.

Discount houses paid 11½-11¾ per cent. for secured call loans in the early part and closing balances were taken at 10¾-11½ per cent.

In the interbank market overnight loans opened at 11½-11¾ per cent. and eased to 10½-10¾ per cent., before rising to 11¾ per cent. and closing at around 8 per cent in places.

Short-term fixed period interest rates showed little change, but tended to ease slightly following publication of the trade figures.

Rates in the table below are nominal in some cases.

Sept. 14 1976	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills Φ	Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	8-11¾	—	—	—	11¾-12¼	10¾-11⅝	—	—	—
2 days notice	—	—	11⅝-11½	—	—	—	—	—	—	—
7 days or 7 days notice	—	11½-11¾	11½-11⅝	—	11¾-12¼	—	11⅝-11⅝	—	—	—
One month	12⅛-11⅞	11⅞-12⅛	11⅞-12	12¾-12¼	12-12½	—	11⅝-11⅞	12⅛-12⅞	12⅛-12	—
Two months	12⅜-12⅞	12⅛-12⅜	—	12¾-12¼	12⅜-12¾	—	11¾-12	12¼	12⅞-12¼	13-12⅜
Three months	12⅞-12⅜	12⅝-12⅝	12¼-12½	12¾-12¼	12⅝-12⅞	—	11¾-12	12⅞-12¼	12⅜-12⅜	13-12⅛
Six months	12⅜-12⅞	12⅝-12⅞	12½-12¾	12¾-12¼	12⅝-13	—	—	—	12⅜-12⅛	13-12½
Nine months	12¾-12⅞	12½-12⅝	—	13¼-12¾	12¾-13½	—	—	—	—	13-12¾
One year	12⅞-12⅞	12⅝-12⅞	12¾-13	13¼-12¾	12¾-13½	—	—	—	—	—
Two years	—	—	13½-13¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13½-14 per cent.; four years 14-14½ per cent.; five years 14½-14¾ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12¾-12⁵⁄₁₆ per cent.; four-month trade bills 13-12⅞ per cent. Approximate selling rate for one-month Treasury bills 11¹⁵⁄₁₆-11⅞ per cent.; two-month 12⅛-12¹⁄₁₆ per cent.; and three-month 12⁵⁄₁₆-12¼ per cent. Approximate selling rate for one-month bank bills 12-11⅞ per cent.; two-month 12⅛-12¹⁄₁₆ per cent.; and three-month 12⁷⁄₃₂-12⁵⁄₁₆ per cent.; one-month trade bills 12½-12⅛ per cent.; two-month 12⅝-12⅝ per cent.; also three-month 12⅝-12⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent. from August 1, 1976. Clearing Bank Deposit Rates for small sums of seven days' notice 8½ per cent. Clearing Bank Rate for lending 12 per cent. Treasury bill average tender rate of discount 12.4799 per cent.

CORAL INDEX
Close 338-343

INSURANCE BASE RATES

† Atlantic Assurance	12 %
Cannon Assurance	9½%

† Address shown under Insurance and Property Bond table.

Further 4.6 loss on Ford dispute

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Sept. 14.

FURTHER LOSSES were recorded on Wall Street to-day, reflecting the likelihood of a walkout by 170,000 workers at Ford Motor.

The Dow Jones Industrial Average further declined 4.65 to 978.64 and the NYSE All Common Index shed another 16 cents to $55.54, while losses outpaced gains by 837-to-539. Trading volume further decreased 550,000 shares to 15.55m.

The impending strike against Ford Motor by the United Auto Workers continued to weigh on the Stock Market amid speculation that if the strike is of any significant duration it could further seriously impair the country's already stalled economic recovery.

Despite recent claims by the President Ford Administration about a "re-acceleration" of the economic recovery, reports continue to come in on slowing business and industrial layoffs.

To-day, both U.S. Steel and Bethlehem joined Kaiser Steel and Combustion Engineering in saying that poorer than expected business has forced additional layoffs.

U.S. Steel lost $1 to $46⅞.

Northwest Industries slipped $2¼ to $45¾.

Pillsbury eased $¼ to $40, despite a raised quarterly dividend and its prediction of higher earnings.

Varian Associates added $¾ at $14¼—it will introduce next week an automated analytical system that will enable scientists to examine individual layers of atoms in semiconductor materials, alloys, coatings and medical samples.

Digital Equipment fell $3⅝ to $157, Celanese dropped $2¼ to $45¼ and Eastman Kodak gave way $1¾ to $89⅞.

Williams Cos gained $1¼ to $24¼.

Whittaker advanced $1 to $6¾ on an offer to exchange up to 3m. Common shares outstanding for a new 10 per cent. subordinated Debenture.

The American SE Market Value Index lost 0.31 to 102.33, while declines led advances by 343 to 215.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Whittaker	559,000	6¾	+1
Reserve Oil	299,700	13⅞	−⅛
Eastman Kodak	170,100	89⅞	−1¾
National Holdings	165,400	19⅞	−⅛
Williams Cos.	164,700	24¼	+1¼
Texaco	[illegible]	27⅞	+⅛
Westinghouse Elec.	114,900	17⅞	−⅛
Dow Chemical	114,600	44¼	−½
House Nat. Gas	112,700	30⅞	−⅛
Fed. Nat. Mort.	112,600	18¼	−⅛

Canada lower

Canadian Stock Markets turned lower in moderate trading yesterday.

The Gold Share Index further declined 5.04 to 231.70, Industrials eased 0.01 to 186.82, Base Metals 0.88 to 87.59, Western Oils 1.22 to 220.13, Utilities 0.54 to 148.41 and Papers 0.08 to 124.98. Only Banks, up 1.05 at 254.22, moved against the general trend.

Selling hit Communications, Manufacturers and Pipelines while Beverages showed some improvement.

Dome Petroleum lost $¾ to $37½, Placer Development $¾ to $22¼ and Campbell Red Lake $¼ to $18¼.

IWC Communications shed 3 cents to $2.02 on 43,000 shares.

Among Banks, Canadian Imperial rose $¼ to $27½ and Toronto Dominion firmed $⅛ to $20.

OTHER MARKETS

PARIS—French shares rebounded from a poor start in moderate inter-bank trading. Institutions were bargain hunting on the low prices of the last several sessions. But practically all Foreign stocks dropped back.

Foods were the best-traded issues, with notable improvements seen in BSN, up Frs.14, and Carrefour, up Frs.39.

Some hesitance was observed in Chemicals, Electricals and Mechanicals.

BRUSSELS — Broadly lower after lively trading.

Steels were weak. In lower non-ferrous Metals, Asturienne fell Frs.98 to 1,202. UCB fell Frs.35 to 2,165 in reduced Chemicals. Oils eased.

Declines also predominated in Electricals and Utilities. Holdings finished steady.

U.S. stocks gave ground. German and French shares firmed, while Dutch issues weakened.

South African Golds finished lower.

AMSTERDAM—Shares again fell sharply, forcing major indices to new year lows. There was a virtual lack of buying interest, apparently ahead of the Dutch Budget due next week.

Banks generally declined while Insurances also closed lower. In Transportations, KLM rose Fls.1.40, while the other shares closed lower. Industrials generally lost ground.

Bonds averaged between Fls.0.20 and Fls.0.40 down.

GERMANY — Mixed after scattered buying by Institutional investors partially reversed the initial weaker trend.

Most "glamour" stocks ended either maintained or slightly firmer. Steels fell. Stores were mixed, while Motors were little changed.

Domestic Bonds were mainly higher. The Regulating Authorities sold DM8.2m. nominal of stock; Foreign Mark Loans were barely maintained.

COPENHAGEN — Generally lower in active dealings.

SWITZERLAND—Shares drifted lower after the long holiday week-end, reflecting the Federal Commission for Economic Affairs report which said Switzerland's economic recovery will generally remain modest in the months to come.

Banks, Financials, Insurances and leading Industrials generally eased. Chemicals and Engineerings retreated.

Dollar stocks were slightly lower, while Dutch Internationals lost moderate ground. Germans were barely steady.

OSLO—Bankings and Insurances weaker. Shippings quiet.

VIENNA—Quietly steady.

MILAN—Irregularly higher in moderate trading.

Most Insurances closed weak.

HONG KONG—Sharply lower in decreased trading.

Hong Kong Bank were down 20 cents to $HK18.80, Hong Kong Land 15 cents to 6.95, Hutchison 5 cents to 3.25, Jardine 20 cents to 19.30, Swire Pacific "A" 15 cents to 9.75, Hong Kong Telephone, 50 cents to 26.30, and Hong Kong and Kowloon Wharf, 50 cents to 16.50.

TOKYO—Lower on heavy selling, prompted by difficult export conditions and the still high outstanding balance of margin trading. Volume 260m. (240m.) shares.

Electricals, Motors and Cameras led the decline. Asahi Optical lost Y20 to 350.

Isuzu Motor fell Y17 to 194 on its cut in shipments of passenger cars to the U.S.

Constructions, Machineries, Housing-Related issues and Ceramics all lost widely.

Some Oils firmed. Arabian Oil of Japan rose Y30 to 1,730 and Teikoku Oil Y10 to 287.

Foods, Textiles, Chemicals and Pharmaceuticals were mixed.

JOHANNESBURG—Gold shares continued easier ahead of to-day's IMF bullion auction.

Financial Minings followed Producers.

Coppers were quiet and cautious, while Platinums were likewise quiet and fractionally off. Other Minerals were easier.

Industrials were marginally lower.

AUSTRALIA—Mixed in dull trading. Prices retreated across a wide front initially, but late support helped some sectors recover.

BHP rallied 4 cents to $A8.60, after $A8.42.

Poseidon rose 14 cents to 99 cents, while Pancontinental closed off the bottom at $A11.70, down 20 cents.

EZ Industries shed 5 cents to $A3.70 and its Ranger partner, Peko-Wallsend, fell 30 cents to $A5.30.

BH South shed 10 cents to $A1.96 and Hamersley 8 cents to $A2.32. MIM firmed 6 cents to $A2.38.

Indices

NEW YORK—DOW JONES

	Sept. 14	Sept. 13	Sept. 10	Sept. 9	Sept. 8	Sept. 7	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	978.64	983.29	988.36	986.87	992.94	986.59	1011.21 (12/7)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
H'me B'nds*	88.07	88.00	88.04	89.77	89.73	88.71	89.02 (14/9)	85.68 (15/7)	—	—
Transport	217.16	218.19	218.75	219.00	220.05	220.29	241.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	95.88	96.02	96.15	95.58	95.28	95.55	97.15 (10/8)	84.8 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	15,550	16,100	16,850	15,540	16,750	18,310	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	Sept. 10	Sept. 3	Aug. 27	Year ago (approx.)
	3.87	3.86	3.97	4.61

STANDARDS AND POORS

	Sept. 14	Sept. 13	Sept. 10	Sept. 9	Sept. 8	Sept. 7	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
Industrials	116.55	116.72	117.17	118.05	117.47	117.89	119.02 (14/7)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	105.54	104.29	104.66	104.40	104.94	105.08	106.95 (14/7)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Sept. 8	Sept. 1	Aug. 25	Year ago (approx.)
Ind. div. yield %	3.46	3.49	3.56	4.06
Ind. P/E Ratio	11.90	11.80	12.51	11.45
Long Govt. Bond yield	6.95	5.99	5.52	5.75

N.Y.S.E. ALL COMMON

Sept. 14	Sept. 13	Sept. 10	Sept. 9	1976 High	1976 Low
55.54	55.70	55.85	55.72	56.64 (13/7/76)	37.98 (2/1/75)

Rises and Falls	Sept. 14
Issues Traded—1856	Up—539
Down—837	Same—480
New Highs 40	New Lows 17

	Sept. 14	Sept. 13	Sept. 10	Sept. 9	1976 High	1976 Low
MONTREAL Industrial	189.24	155.12	189.80	190.55	207.55 (19/6)	176.69 (2/1)
MONTREAL Combined	187.59	187.52	188.48	188.92	198.78 (30/6)	178.67 (2/1)
TORONTO Industrial	188.82	186.85	187.52	187.80	197.45 (20/3)	175.01 (2/1)
JOHANNESBURG Gold	139.7	145.5	146.6	[illegible]	226.7 (12/5)	115.5 (20/8)
JOHANNESBURG Industrials	185.2	185.7	185.7	192.5	215.0 (21/5)	177.1 (30/6)

	Sept. 14	Previous	1976 High	1976 Low
Australia (a)	426.00	425.60	522.63 (18/2)	465.52 (5/1)
Belgium (b)	92.79	93.49	115.12 (6/2)	92.79 (14/9)
Denmark (d)	104.69	105.09	117.70 (19/2)	100.20 (10/5)
France (e)	—	61.4	74.3 (3/3)	60.3 (12/9)
Germany (f)	737.5	737.3	821.7 (17/3)	727.6 (9/2)
Holland (g)	84.6	85.7	106.3 (5/2)	84.5 (27/3)
Hongkong (h)	408.30	413.55	465.55 (17/4)	364.53 (2/1)
Italy (k)	72.20	78.40	91.37 (25/2)	72.20 (4/6)
Japan (m)	352.90	354.95	369.61 (1/9)	352.90 (14/9)
Singapore (n)	274.30	274.10	286.16 (3/2)	236.35 (2/1)
Spain (c)	80.34	78.49	100.78 (7/5)	78.42 (9/3)
Sweden (q)	429.10	425.85	475.86 (10/6)	395.86 (19/1)
Switz'rl'd (r)	271.7	273.6	298.8 (13/3)	271.7 (14/9)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—112⅞% (113¼%).

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

Sept. 14	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	89	+2.1	—	—
Allianz Versich.	465	−5.5	18	2.0
B.M.W.	216	−2	18	4.1
B.A.S.F.	158	+0.5	14	4.4
Bayer	130.8	−0.3	14	5.3
Bayer Hypo	283	−1.5	20	3.6
Bayer Vereinsbk.	294	+0.5	20	2.9
Commerzbank	176.5	—	18	5.0
Conti Gummi	66.5	—	—	—
Daimler	344.5	0.5	17	2.5

[illegible]

MILAN

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND*

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

AUSTRALIA

[illegible]

TOKYO ¶

[illegible]

Source Nikko Securities, Tokyo.

STOCKHOLM

[illegible]

OSLO

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

SPAIN ▼

[illegible]

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax. [illegible]

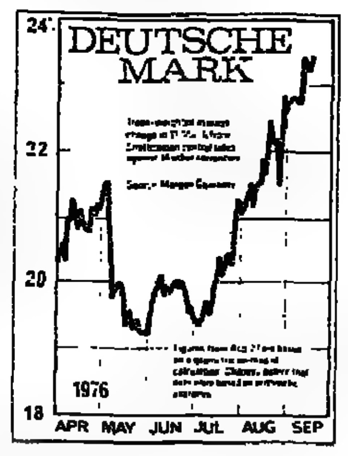
Pound lower

Sterling remained weak in the foreign exchange market yesterday, but once again the authorities appeared willing to allow the rate to find its own level without intervention. The pound's early decline reflected fears about the general economic situation in the U.K. and nervousness ahead of the trade figures. The improvement in the trade deficit during August brought about a partial recovery but this was short lived and by the close the pound was 85 points lower on the day at $1.7395-1.7405. Sterling's trade-weighted average depreciation, as calculated by the Bank of England, widened to 41.2 per cent. from 40.7 per cent., after standing at 41.2 per cent. at noon and 40.8 per cent. in early dealings.

The U.S. dollar lost ground against most other major currencies, and its trade-weighted average depreciation, as calculated by Morgan Guaranty of New York, widened to 2.82 per cent. from 2.73 per cent.

Nervousness surrounding the pound continued to encourage a speculative movement of funds into the West German mark. The D-mark closed at DM2.5025 in terms of the dollar, compared with DM2.51 previously, and its appreciation, on the Morgan Guaranty basis, widened to 23.47 per cent. from 23.23 per cent.

Gold fell $3 to close at $111-112, on nervous selling ahead of to-day's gold auction by the International Monetary Fund.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Sept. 14	Sept. 13
Sterling	0.665577	0.659058
U.S. dollar	1.15750	1.15212
Belgian franc	44.4519	44.6146
Deutsche mark	2.88851	2.89025
French franc	5.67722	5.67712
Italian lira	969.541	968.655
Japanese yen	330.652	331.180
Dutch guilder	3.01579	3.02088
Swedish krona	5.04127	5.04460
Swiss franc	2.86670	

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

[illegible]

EURO-CURRENCY INTEREST RATES*

[illegible]

GOLD MARKET

[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

Settling who does what at the Pole

BY PAUL CHEESERIGHT AND HUGH O'SHAUGHNESSY

GOVERNMENTS in 12 capitals are pondering how to control the exploitation of one tenth of the globe's land mass, the ice-covered and inhospitable Antarctic continent. At a recent conference in Paris the problem was for the first time discussed in substantive terms.

The powers involved are the signatories to the Antarctic Treaty of 1959: Argentina, Australia, Belgium, Chile, France, Japan, New Zealand, Norway, South Africa, the Soviet Union, Britain and the US. The problem is to come to terms with an issue that was ignored by the text of the treaty, without calling the basis of the treaty into question.

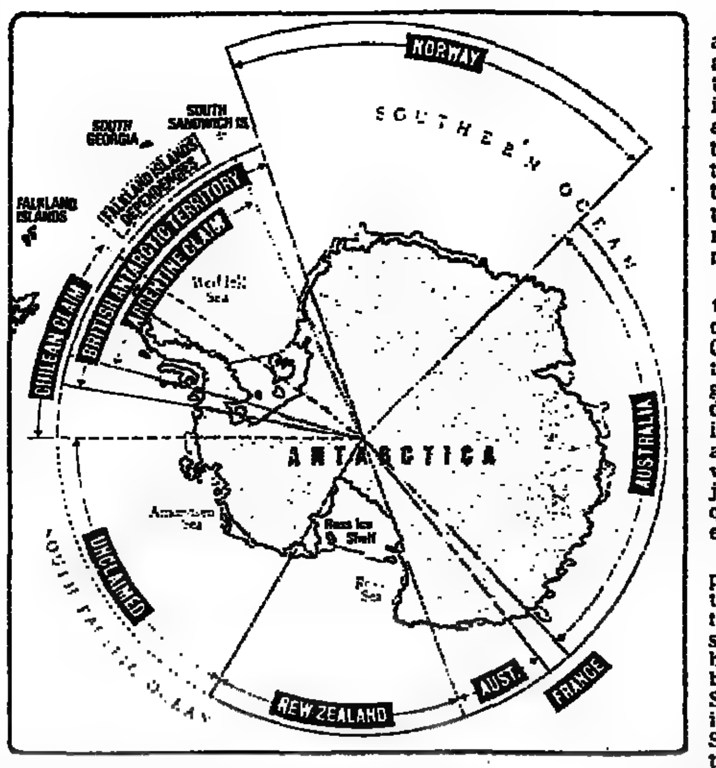
The treaty effectively sets aside the continent south of the 60 degree line as an area for scientific research and co-operation. *The region is nuclear free and* the powers have the freedom to inspect the installations of each other. In particular, the treaty froze all claims to sovereignty over sections of the continent, without recognising or denying the rights of the powers which already claimed some jurisdiction over portions of territory.

The treaty has worked well, profiting from the remote nature of the area it covers, untroubled by international tensions to the north. But it has worked because the powers involved concentrated on dealing with subjects on which they could agree and ignoring those on which they could not.

This phase appears to be ending. *Successive geological studies* have revealed the presence of resources that the international economic community may one day want to exploit. The tensions set off by the economic disparities between north *and south* and the effect of the 1973-74 energy crisis have inevitably led to a greater interest in metal and *energy resources outside regions* of political instability. Mining and oil companies have quietly made enquiries about prospecting rights in Antarctica. The issue of control has been brewing for some years. Questions were asked about Antarctic mineral resources in the New Zealand Parliament in 1970 and that year the New Zealand Government brought the question before the treaty powers at a meeting in Tokyo.

The treaty powers have *consultative meetings every two* years, but there was no real discussion of these issues until the meeting in Oslo last year. At that time, however, there was no agreement that a regime of control was desirable. The attitude had changed by the time of the Paris meeting at official level, held recently. It is now accepted that *some form of control over* the possible development of the continent's economic resources must be worked out.

The great difficulty is that devising a means of control means reopening the issue of sovereignty and territorial claims that the Treaty had effectively laid to rest for 17 years. *Seven powers claim territory in* Antarctica. Australia, France, New Zealand, and Norway are not in argument about the extent of each other's claims, but Argentina, Chile, and Britain are. None of the seven claims is recognised by the other five powers of the Antarctic Treaty or, indeed, by the international community at large. So far, however, the international community has shown scant interest in the dispute and in fact 15 per cent. of the land mass is unclaimed by anybody, the only land area of the world with that distinction.



Control

The exercise of control over resources implies a power of jurisdiction over a section of territory. As the New Zealand lawyer and diplomat, Dr. Christopher Beeby, pointed out in 1972, "your writ runs in your territory not outside it."

"Suppose that a Russian (or more likely since there are more *of them in the Ross Dependency,* an American) commits a crime in the Ross Dependency," Dr. Beeby wrote. "Since it happened in territory New Zealand claims, New Zealand arrests him and prepares to bring him to trial. But the U.S. or the Soviet Union, as the case may be, does not recognise that the Ross Dependency is New Zealand territory and hence does not recognise New Zealand's right to arrest and bring charges against one of its nationals for an offence committed in the area. A dispute over the exercise of criminal jurisdiction has led at once to a dispute over sovereignty." *It is easy to translate this sort of situation into* the sphere of economic development and the granting of, say, prospecting licences.

No clear ideas have yet emerged *on how to handle the* issues of control. The idea that some international writ might be allowed to run over the *area has been ruled out by the* Treaty powers. A New Zealand idea that Antarctica should be "set aside as a world park, possibly under U.N. auspices" was not well received at the Oslo meeting. That said, the treaty powers are aware that any solution of the problem must take into account the interests of the Third World. So far it has only been agreed that for the time being there should be no commercial exploitation of the continent; this is being done on the basis of voluntary restraint.

A difference of approach has emerged between the powers which claim territory and those which do not. The latter group are anxious that there should be access without discrimination to all parts of the continent, an attitude that cuts across any concept of sovereignty.

There were differences in Paris on the timing and urgency of any movement towards a regime of control. Some *delegations laid great stress on the* limited scientific knowledge on which they would have to base political decisions and argued for more time. In fact, the scientists are drawing up a report on Antarctic resources and ways of preserving them. This report will be presented to a meeting in London next year.

The very lack of knowledge actually makes the need for an agreement on a regime of control more urgent. The more that is known of the continent's *economic resources* and where they are situated, the more entrenched will become claims to territory of potential wealth and the harder the task will be to reach some new form of arrangement.

But there are other wider factors pointing to the need for decisions in the next year or two. Commercial pressures for exploitation will increase over the next generation. It is considered desirable that they should fit into some form of internationally accepted framework. This involves not only difficulties of jurisdiction but raises the question of protecting the ecology and environment.

On a political level, the treaty powers are generally agreed that to allow control of the continent to become an international issue, subject to the same sort of debate and controversy that has been seen at the U.N. Law of the Sea Conference, would be an immensely complicating factor. Some Third World delegates to the Law of the Sea Conference have already expressed privately their interest in Antarctica and see the continent as being, like the ocean floor, part of the heritage of mankind. In the meantime the Antarctic Treaty has provided the basis for unparalleled co-operation among scientists. It has established the world's first nuclear free zone and has provided a precedent for efforts to extend it. In the 1960s, the idea was mooted that the zone should be extended northwards to cover the whole of *the southern hemisphere.* The idea proved too ambitious, but last year New Zealand and Fiji proposed a South Pacific nuclear free zone, and the Antarctic Treaty provided the impetus that eventually led to the formation of a nuclear free zone in Latin America.

For Britain, the problems of Antarctica can hardly be separated from those of the British territories north of the 60-degree South line which is the northern limit of the area covered by the Antarctic Treaty. In that area lie the Falkland Islands proper and their dependencies, South Georgia and the Sandwich Islands, all of which *are claimed by Argentina.* This territorial claim has in the past been one of the most sensitive issues for Argentine nationalists and the subject of unending bickering between the Argentine Foreign Ministry and the Foreign and Commonwealth Office.

It is generally felt that without Argentine co-operation the exploitation of the oil resources in the neighbourhood of the Falklands would be impossible and mounting of a major fishing operation very difficult. Hitherto a British argument that the two countries might swallow their pride, and pool their resources and set about the joint development of the oil has fallen on deaf ears in Buenos Aires, despite the fact that BNOC and BP are becoming increasingly expert in offshore technologies. The visit of Sr. Martinez de Hoz, the Argentine Economy Minister, to London in July, however, provided a first indication that the Argentines might be becoming *more flexible on the issue.*

Sr. Martinez de Hoz who is conscious of Argentina's need to develop new sources of oil and who is anxious to bring in foreign capital and technology to Argentina said on various occasions during his visit that he favoured co-operation on oil questions with Britain, a notable departure from previous Argentine pronouncements. It is however a moot point whether the civilian minister can in the last event win against the continuing nationalistic sensibilities of General Jorge Videla, the Argentine President, and his comrades in arms.

Until Argentina gives the firmest of guarantees that it is committed to a policy of co-operation rather than confrontation with Britain on the question of the Falklands oil there is unlikely to be much work done by the international oil companies in the region.

A first article on Antarctica and the Falklands appeared on page 10 of the FINANCIAL TIMES on September 10.

APPOINTMENTS

Wellcome Foundation chairman

Mr. A. A. Gray, who is to retire as chairman and chief executive of the WELLCOME FOUNDATION in January 1977, will be succeeded by Mr. A. J. Shepperd, at present deputy-chairman and group finance director.

*

Mr. Geoffrey Pygall has been appointed managing director (designate) of PICKFORDS REMOVALS and Pickfords Travel Service. He will succeed Mr. George Skelton as managing director when the latter retires from Pickfords Removals at the end of the year after 47 years with the company. Mr. Skelton will remain *part-time chairman of Pickfords* Travel Service.

*

Mr. J. B. Mills and Mr. J. D. Paybody have been appointed to the Board of FODENS. Mr. Mills is chief engineer, and has been an executive director since 1970. Mr. Paybody was group vice-chairman of Mather and Platt until *his recent retirement.* He was appointed chairman of Leyland Paint and Wallpaper earlier this year.

*

Mr. Denis Godfrey has become personnel director of SEAGRAM (UNITED KINGDOM), part of the Seagram Company. Mr. Godfrey joined the company in 1974 as group personnel manager. **Mr. John Holdstock**, who has been made financial director, joined the company in 1974 as assistant to the financial controller.

*

Mr. Peter Parker resigned as a director of DAWNAY DAY GROUP from September 10, prior to becoming chairman of British Rail.

*

Mr. Robert A. Cushman has been appointed president and chief executive officer of SAGUENAY SHIPPING, part of Alcan Aluminium. Mr. Cushman has been in transportation on both the industrial and carrier side for more than 30 years and has served with the Alcan Group for the past 23 years.

*

Mr. Neil A. Robertson has been appointed vice-chairman of ROBERTSON FOODS from October 1 with special responsibilities for exports and overseas activities. **Mr. Graham Cunliffe**, group financial director, will succeed Mr. Robertson as group managing director from the same date while retaining overall responsibility for finance. *Mr. J. M. Bradbury will* become group secretary.

*

Sir Antony Part is to join the Board of DEBENHAMS from October 1. Mr. C. G. Evans, Mr. W. B. Jenkins, Mr. A. S. Noble, Mr. J. J. Seth and Mr. A. Wilson have been appointed to the Board as executive directors.

*

Mr. W. S. Barrack, Jr., Mr. A. D. Bulman, Mr. D. R. Harvey and Mr. A. B. Mumford have been appointed directors of TEXACO NORTH SEA U.K. COMPANY. Mr. Barrack has also been elected president of the company in succession to Mr. A. D. DeCrane, Jr., and Mr. J. S. Barber has been elected a vice-president. Mr. Barrack, Mr. Harvey and Mr. Mumford have also been appointed directors of Texaco North Sea U.K. Ltd.

*

Mr. Peter Vaux has been made a non-executive director of VAUX BEREWERIES. Mr. Vaux is a partner in J. M. Clark and Partners, chartered surveyors.

*

Mr. Neil McIntosh has become housing director of SHELTER. He replaces Mr. Chris Holmes, who has taken up an appointment as executive director of the Society for Co-operative Dwellings.

FINANCIAL TIMES SURVEY

Wednesday September 15 1976

Coal Mining

World coal mining has received a massive stimulus from rising oil prices and the subsequent concern about energy supplies. It is now generally agreed among energy experts that world demand for coal may easily double between now and the end of the century.

Fresh
ease
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fe

Roy Hodson

DEREK EZRA, chairman of National Coal Board, told World Mining Congress in eldorf earlier this year the result of the energy had been a "clear mstration of coal's vast ve potential and its city to provide a com- ive and secure source of gy."

thing succeeds like success the internatonal coal try, at one time rather ralised and unsure about wn role, is now bubbling energy and plans. Inter- nal co-operation is pro- ing faster than ever before ll fronts, with particular asis upon cross-marketing collaboration in technical cts. Besides helping each exploit coal deposits as effectively as can be done, coal-rich nations are working together to explore new ways of translating coal into energy more effectively; and are then moving on from that point to attempt to educate industry and other consumers into making best use of coal. International energy experts now generally agree that world demand for coal may easily double between now and the end of the century.

The coal producers see their task as falling under three main headings: to commit adequate resources to coal mining; to continue intensive research into coal-getting methods; and to develop new ways of coal utilisation. That means consideration side-by-side, and without prejudice, of traditional and non-traditional coal exploitation methods.

Deep mining, strip mining, and opencast mining are likely to continue to be the principal ways of extracting coal from the ground for many years to come. But recently the old idea of the gasification of coal underground has been dusted down and looked at afresh. It is the sort of development that could make an important contribution to the coal industry during the next quarter century.

The industry has, by and large, completed a radical development to almost total mechanisation in many of the world's great coalfields. The next vital step will be to move on from mechanisation to automation. Coal mining, and particularly the deep mines which account for most British coal production, are capital-intensive in terms of the ratio between investment and numbers employed. But paradoxically they are highly labour-dependent. The conundrum of how to persuade men to work a full week down pits to obtain good utilisation of the expensive machinery installed has not yet been solved by the National Coal Board.

Productivity

This year productivity among the country's 243,000 miners has actually fallen. They are receiving better pay relative to other workers than they have ever known. Clearly they do not find work underground particularly congenial and they like leisure time to enjoy their money. Thus they are inclined to miss a shift or two each week.

The NCB and other deep mining industries round the world now see that complete automation is the only solution if they are to offer long-term coal supplies without fear of disruption and at prices competitive with other fuels.

But the full automation of Britain's coal seams is a long way away. The success of the industry for the remainder of this century will depend upon the miners and the industry's managers working in sufficient accord to enable British coal to be produced at competitive prices and in sufficient quantity.

The joint voice of management and men has been heard clearly, thanks to the achievement of Mr. Anthony Wedgwood Benn, the Energy Secretary, in bringing to fruition last June his idea for a national energy conference. Millions of words on all aspects of energy were generated by that exercise. They seemed indigestible at the time but they have provided a more thorough inspection of the energy scene than has ever been attempted in Britain before. The long-term prospects for coal have been jointly assessed, by a policy advisory committee of the coal industry representing the unions and the NCB.

Looking to a point after the 1980s when North Sea oil and gas is likely to be in decline the coal industry sees an increasingly important role for its product. Technically recoverable reserves are thought to amount to possibly some 45bn. tonnes, the equivalent of more than 300 years supply at the Coal Board's present extraction rate of some 125m. tons a year by all methods.

PRODUCTION IN THE COALFIELDS
(m. tonnes. Year to end-April)

	1975/76	1974/75		1975/76	1974/75
Scottish	12.1	11.7	North Nottinghamshire	10.6	10.8
North East	16.0	16.2	South Nottinghamshire	8.8	9.9
North Yorkshire	9.0	8.8	South Midlands	8.8	8.2
Doncaster	7.9	8.3	Western	12.9	13.4
Barnsley	8.0	8.0	South Wales	10.2	11.1
South Yorkshire	7.8	8.2	Kent	0.7	0.8
North Derbyshire	9.0	8.7	TOTAL	122.8	124.1

Embarked

The industry is now well embarked upon the serious implementation of its Plan for Coal which is designed to raise output towards 150m. tons a year. The cost of that plan has already risen from the original £1.4bn. to some £3bn. but the policy advisory committee believes that it will be value for money to the nation nevertheless. Although the Government is going to cut back capital spending by all the nationalised industries during 1977-78 there is, as yet, no sign that the Plan for Coal is going to be emasculated or jettisoned. Rather it is likely that a degree of slippage will be sought by the Government to spread the cost over a somewhat longer period.

Such an arrangement would probably suit both the NCB and the miners, for both sides of the industry are acutely aware that a mild winter and a general inclination by the public to save energy has suddenly reduced the domestic market for coal in the short-term.

However, if the Plan for Coal is anything it is a long-term undertaking designed for the health of the nation in the 1990s and beyond rather than in earlier years when the oil and gas fields will be producing in full spate.

This last year has seen the NCB embark upon the biggest coal exploration programme carried out in Britain since the 19th century expansion of the industry. Spending has risen to 14 times the levels of a few years ago on a programme of deep boreholes and seismic surveys. So far it has paid off handsomely, with new reserves being discovered at such a rapid rate that Britain's known coal "bank" is to-day bigger than it has ever been in spite of high rates of production for almost a century.

As a bonus, new reserves of coal suitable for coking have been discovered. The demand for coking coal is expected to be strong for many years to come and a world shortage of this type is likely to develop. Britain has had to import small amounts to satisfy the steel industry. The hope is that the new deposits will enable sizeable import contracts to be avoided.

The technical development currently giving the greatest promise for the more efficient use of coal by power stations and manufacturing industry is the technique of fluidised-bed combustion, in which low-grade coal can be burned efficiently and cleanly. In special combustion units the coal is mixed in a bed of ash or sand through which air is passed under pressure. Britain, the U.S. and West Germany are jointly financing a £13m. experimental programme on fluidised combustion involving a test rig in Yorkshire.

Meanwhile the NCB is seconding staff to an international research unit based in London which is backed by the International Energy Agency. Besides managing the fluidised bed combustion project the new unit will assist ten member coal-producing nations in other areas of research.

At the London office a data bank of world coal reserves and resources is to be built up, with continuous updating and revision. A technical information service is to be established to provide information on all aspects of coal technology and to be concerned with coal's potential for meeting future energy needs. There is to be an economic assessment service which will carry out a series of studies into the economics of coal production and utilisation.

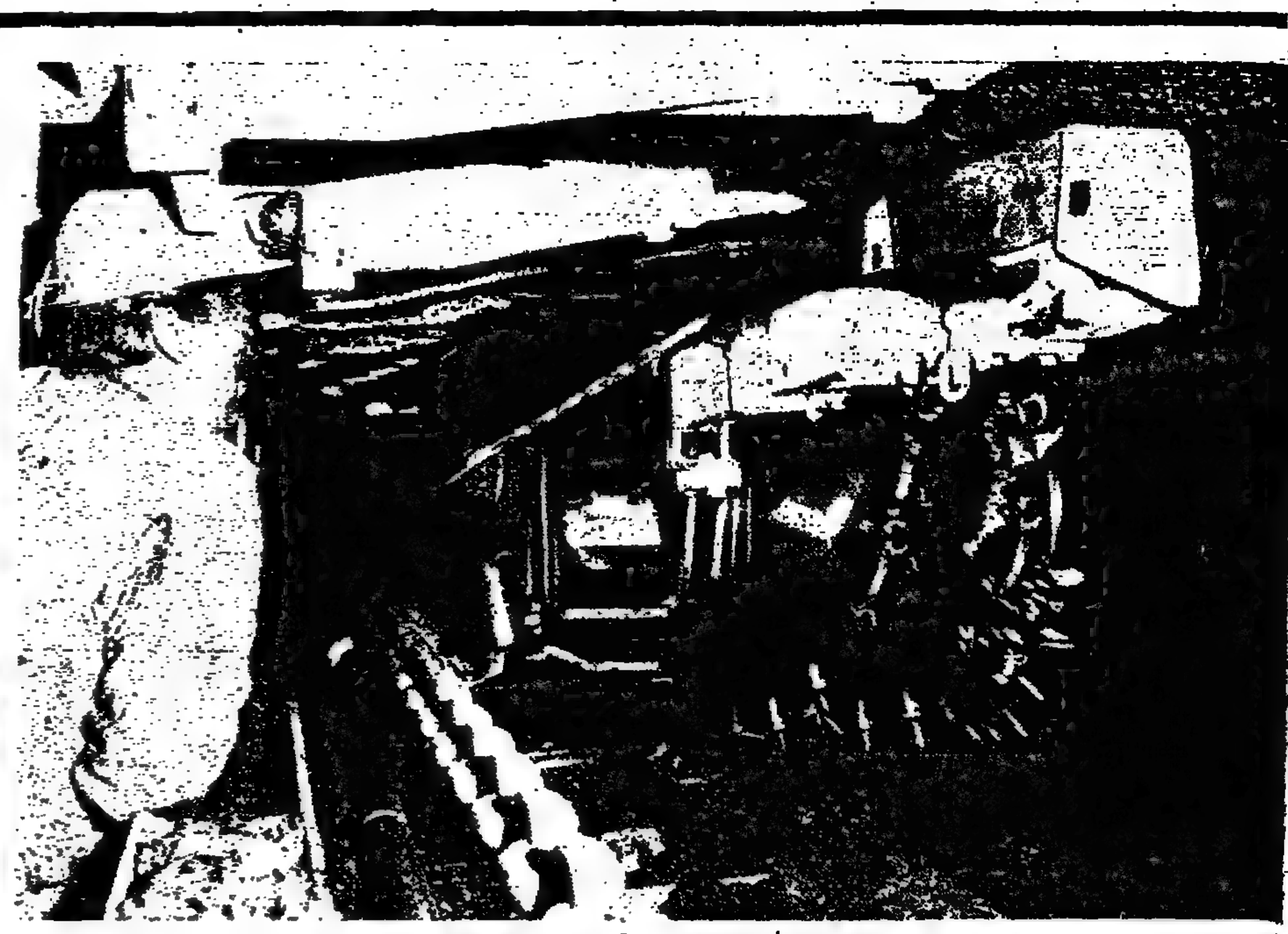
Economics

The studies will cover the economics of coal-based energy; forecasts of world coal production and use; standards for coal utilisation plant; plant costs; pollution control; the cost and availability of coal; influences of transport costs; and finally, a study of the economics of coal conversion to oil and gas substitutes and to electricity.

The NCB International Energy Agency London headquarters will also operate a mining technology clearing house service.

The quality and scope of this new coal research and information centre will have the effect of making London virtually the coal capital of the world as far as the *international industry* is concerned.

Modern mine roadways have dimensions similar to those of London's tube. Underground diesel locomotives carry men and materials to the coalface and bring mined coal out.



A nucleonic probe which scatters gamma rays into the strata above and below the coal seam, measuring accurately the thickness of coal and maintaining the cutter's horizon so that cutting into stone is avoided.

Big upsurge in investment plans

THE DIRECTORS of the National Coal Board would have enjoyed the joke if anyone had popped up in Hobart House round about 1970 with a ten-year plan for coal involving almost £1.5bn. in new investment in order to modernise the mines and expand output. The future for coal in those days looked decidedly gloomy.

The Arabs changed all that. After the energy crisis, and Mr. Heath's subsequent political defeat at the hands of the miners, the NCB and the Government worked fast to bring *in a crash programme to re-*vitalise the British coal industry and to ensure future supplies at a higher level than the country had taken for many years. The miners after their victory expected nothing less. Consequently they tend now to regard the Plan for Coal as something precious they have helped bring into the world.

*But plans have an unfortun-*ate habit of becoming obsolete before the ink is dry on the paper. Inflation has carried the cost of the Plan for Coal upwards, so that already it is being realistically costed at some £3bn. between 1975 and 1985—which is about twice the original estimate. Clearly it will cost a lot more than that when the final bills come in during the mid-1980s if the plan goes ahead without modifications.

Commitment

The present Government is committed to the plan both for political reasons and because it believes that the coal will be needed after the nation has enjoyed a relatively short honeymoon with North Sea oil in the 1980s.

But a commitment does not necessarily involve slavish devotion. *Already the Govern-*ment is starting to inquire how the ever-rising costs of the Coal Board schemes—which will be *heaviest in the first five years* of the Plan—can be spread out a little. The NCB does not expect to escape the economies in capital investment being forced upon the nationalised industries. On the other hand the Government has reaffirmed on several occasions its intention to see the Plan through.

The biggest single project ever planned by the NCB, the Selby coalfield exploration, has *received the necessary planning* permission and the Board's expanded programme of exploration for new coal deposits is going ahead with excellent results. Coal reserves known to the NCB actually increased during 1975-76 for the first time in over 50 years.

Plan for Coal envisaged improving existing mines and exploiting new coal seams and new coalfields, including Selby, so that by 1985 Britain's coal capacity will be in the region *of 150m. tons a year. As the* Plan has got under way during the past 12 months the Board has approved 41 major projects each costing over £1m., new equipment costing £90m., other colliery expansion and improvement projects costing £66m., and £6m. for other mining activities, together with £8m. for opencast mining. Altogether the capital spending in 1975-76 totalled £211m., nearly twice *the level of £113m. in 1974-75.*

Meanwhile the industry did markedly better in its trading during 1975-76, achieving a trading profit of £52m. in spite of a reduction of £36m. in Government grants. But coal stocks have been rising during 1976 because of a mild winter and lower demand from the power stations. The NCB is not *likely* to be able to continue to finance the Plan for Coal at the present levels of upwards of £300m. a year out of revenue.

Either the Government will have to bear part of the financial load for the plan or the industry will inevitably slide back into the red. One possibility is that some of the less financially attractive elements of the plan may have to be given a low financial priority while the major new coal-getting projects continue untouched.

The current make-up of the *plan provides for 9m. tons a* year of coal capacity to be obtained from extending the life of pits which would otherwise be exhausted. Another 13m. tons of new capacity is planned by major improvement schemes to existing pits. The lion's share—some 20m. tons of new capacity—is scheduled to come from new pits.

The new pits will be on the Selby coalfield and in the Midlands. The Board is interested in extending eastwards and *south-eastwards across the Vale* of Belvoir and in the area between Newark and Lincoln. *A major new site is also planned* at the Park Colliery in Staffordshire.

A powerful argument in favour of continuing the present heavy level of investment in coal mining at around £300m. a year is that every extra ton of coal produced and used will save at least £30 on the balance *of payments. Sir Derek Ezra* argues that between now and 1980 as a country we shall remain in a situation of energy deficiency, although it will be diminishing year by year as the quantities of North Sea oil and gas increase. Thus any extra coal produced must contribute towards a more favourable balance of payments position.

The medium term, he agrees, is a trickier situation for coal. During the 1980s, when the expanded production provided *by the plan will be coming in,* the country is likely to be in a situation of net energy surplus.

But it is cardinal to Sir Derek's argument that by the 1990s the country will again be in energy deficiency and it is for that point in time that the coal industry must be re-*developed now, he maintains.*

While much discussion about new investment in British mining tends to be blinkered *by the 1975-85 period of the* heavy annual investment in the plan, the NCB itself makes a contribution to longer-term considerations in its annual report. It agrees that the plan was, and is, a holding operation to halt the rapid decline of the industry since the late 1950s.

The longer term, however, will be governed by the hard fact that a great many collieries are now wearing out and will *have to be replaced if Britain* is to continue to have a major coal industry. The annual report quotes the average age of existing collieries as nearly 80 years.

The Board has set in hand an examination of the role of coal in the British economy in the long term with a view to "specifying the actions which should be taken over the next few years towards the development of the coal industry *for the rest of the century." It is* that review, rather than the current plan, which will tell us how much we will have to spend as a nation if we are to continue to extract more than 100m. tons of coal a year well into the next century. The price tag can be expected to make the present plan look small beer.

But much of the tremendous cost would, of course, be ongoing investment to be borne year by year by generations to come. From the coal industry's point of view the important thing is to get the principle of on-going investment in coal—preferably paid out of revenue while still selling coal competitively—to be accepted by the nation. The Plan for Coal may, some experts fear, leave the public and politicians under the misapprehension that a 10-*year effort up to 1985 will* put the British coal industry to rights for all time. It will not. Rather it will repair much of the damage and neglect of earlier years and give the industry a fair chance from then on to re-invest out of earnings.

As the current coal investment programme has become much more expensive the costings, according to the NCB, are *working out as follows.*

Efficiency

At January 1974 prices the plan was to have cost £1.4bn. between 1975 and 1985. Already the Board has had almost to double that figure—actually an increase of £1.3bn—to allow for higher construction and plant costs. Then another £160m. will be needed to cover major projects not included in the original plan. These projects are designed to improve efficiency and productivity but will *have some effect* upon total output figures. Finally, the Board has prudently allowed for £200m. of unexpected costs because of inadequacies in the original estimates—which were put together in a great hurry. Altogether the £1.4bn. thus rises to slightly more than £3bn.

So far the NCB has approved projects designed to raise coal production by 24m. tons a year. Some £220m. is to be spent on existing collieries and £430m. on new mines. Both figures are December 1975 prices and will ultimately need revising upwards. The Plan for Coal calls for a total increase in capacity of more than 40m. tons a year by the middle 1980s, so the Board is slightly more than half way towards its target. Meanwhile, the success of the national exploration scheme for new coal will make it easier to decide where the rest of the needed coal is to be won.

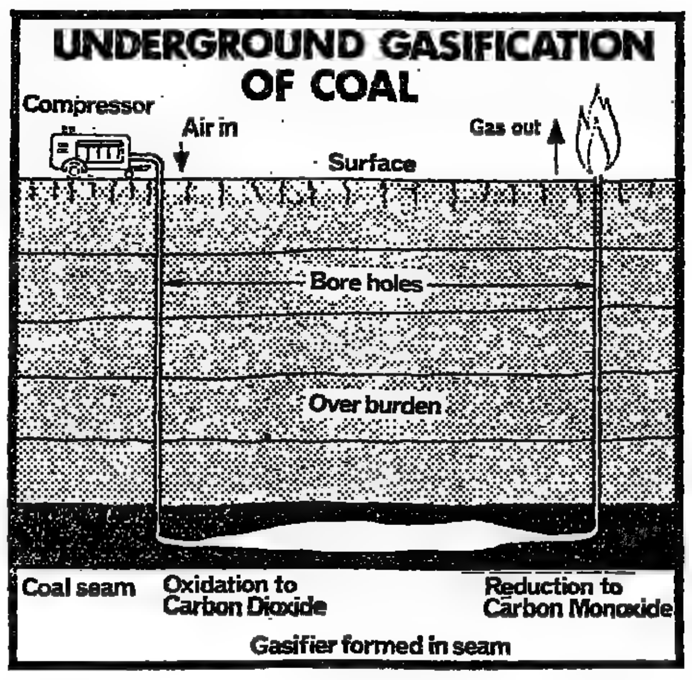
Roy Hodson

Taking a sample of liquid hydrocarbon made from coal in an Exxon pilot plant.

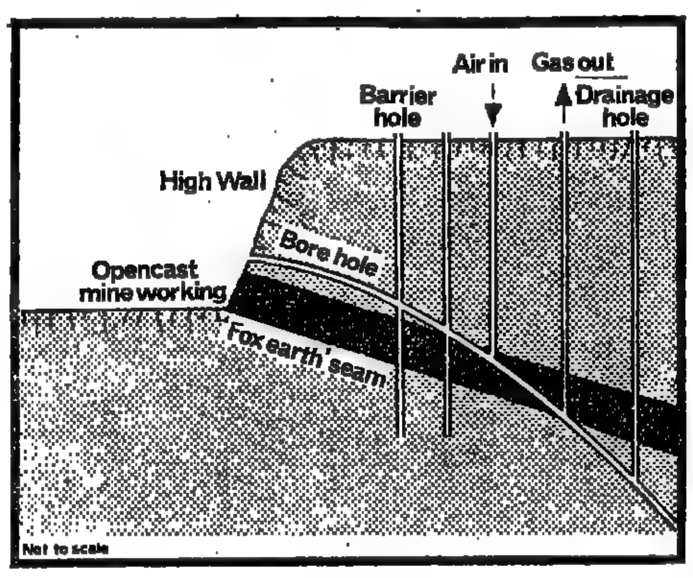
'Minerless' mining at the seam

[UN]DERGROUND gasification of [coal] does not feature at present [in] the U.K. coal industry's [progra]m, research and development [bud]get. But it has in the past, [and] will do so again in the near [futu]re, believes Mr. Leslie [Gra]inger, the National Coal [Boa]rd's member for science. A [re]appraisal of progress and [pros]pects worldwide in under[grou]nd coal gasification (UCG), [pro]posed by Mr. Graimger and [pub]lished last month by the [NCB], has proved unexpectedly [opti]mistic about "minerless [min]ing" of deep coal reserves.* [Ano]ther five years' experience [of e]xperiments already set up [or] planned should bring the [tech]nology to the point of justi[fyin]g a full-scale demonstration, [costi]ng (at present-day esti[mate]s) perhaps £10m.-£15m.

[U]CG is of course an attempt [to c]ompete directly with natural [gas,] a formidable challenge not [only] because of the problems [of c]ontrolling the quality and [quanti]ty of the product from a [remo]te and inaccessible reactor. [The] idea is over 100 years old [and] the first experiments—[som]e in Britain—were con[duct]ed before World War 1. In [the] 1930s the Russians mounted [a ma]jor effort under the general [dire]ction of its Academy of [Scien]ces, and brought the tech[nolog]y to a "commercial" [stag]e before World War II.



Sketches illustrating (above) the basic concept of underground gasification of coal and (below) the first U.K. trial of underground gasification at Newman Spinney, Derbyshire.



[Su]ccess

[The] Britain experiments [sta]rted in 1949 at Newman [Spinn]ey in Derbyshire, adjoin[ing] an opencast site so that [pene]trations into the coalseam [coul]d be made from the exposed [vertic]al face of the pit as well [as fr]om virgin land above. How [the] underground gasifier was [const]ructed is shown in the ac[comp]anying sketches. The curve [of t]he horizontal borehole is [due] to the fact that no method [then] existed for keeping the [drill] in the coal seam. Vertical [pene]trations were then drilled [abou]t 50 feet apart to link the [point]s where the borehole had [enter]ed and left the seam. The trial, claims the NCB, was [an "]unqualified success" and [yield]ed about 180 tons of coal, [simpl]y by blowing air down one [hole] and trapping the gas that [issue]d from the other.

[Ho]w to join the inlet and out[let ho]les within the seam when [there] is no convenient opencast [excava]tion at hand was a question [that] had already exercised [Russi]an and U.S. researchers. [In] subsequent experiments at [Bayt]on, Worcestershire, both a [Russi]an idea for using air under [press]ure to force a passage, and [a U.S.] idea for cleaving a path [by e]lectrical discharge, were [tried.] But the researchers con[clude]d that the best way was to [drill] a horizontal hole through [the s]eam, for example by first [drivin]g underground access [roadw]ays. To-day there is con[sidera]ble interest in the tech[nique]s of drilling deviating [holes] that would curve from the [surfac]e into and along the seam [—a t]echnique that is being perfected for other reasons by oil drillers in the North Sea.

The gas made in this way is lean, only about 100 BTUs per cubic foot. It is also dirty and heavily diluted with nitrogen. Its application would be either as a fuel for say power generation or as a chemical feedstock. In either case the consumer would need to be close to the mine—within 10 miles, suggest the NCB researchers.

The scale on which the Central Electricity Generating Board now operates in the U.K. seems to preclude use of this gas for central power generation. Even a (very small) 100 MW power station would need to gasify a coal seam 50-100 acres in area each year. A 2,000 MW station would quickly find itself transporting its fuel uneconomic distances. More modest consumers such as groups of industries or a refinery or chemical complex appear to be a more promising market.

The NCB has also addressed itself to the question of whether better control could be applied to UCG, so that the product is consistent in calorific value, pressure, etc. There can, of course, be no mechanical method of stirring, raking or locally adjusting the reaction zone — or indeed any way of directly observing events. Scope for control is limited to regulating the rate of inflow of air and its pressure, the rate of outflow of gas, and the throttling of gas at particular inlets and outlets.

At the moment experimenters have no model of the reaction process based on experimental data which they might use to devise a control policy. But at least one current series of trials, at Hanna, Wyoming, in the U.S., is attempting to use sophisticated means of monitoring adapted from other subterranean activities such as underground nuclear explosions, to provide the basis for closer control.

The NCB study has made it clear that UCG cannot hope to complete with an abundant local supply of natural gas. Its drilling costs are too high and the product is too lean. But extraction efficiency—long held by critics to be so low as to constitute an abuse of a natural resource—turns out to be not much less than present-day deep mining in the UK, 51 compared with 60 per cent.

Spacing

The NCB study shows that the most promising way of reducing the production cost of UCG is to increase the permissible spacing between the vertical inlet and outlet boreholes. Cost per therm drops from 27.8p for a 60ft. spacing to 3.9p for a 400ft. spacing. But such a spacing has not yet been attempted. On the basis of the UK experiments of the 1950s, the NCB study suggests that fuel costs will lie in the region of 7p to 24p per therm for a clean but still lean product.

Finally, there is the question of how UCG might be used to tap coal reserves in the UK. Unfortunately, two of the three theoretical uses no longer look promising. The technical difficulties of gasifying the coal remaining in seams which have been abandoned appear to be deterring. Again, any conjunctive use of UCG with mechanised mining to increase the extraction efficiency of an active seam would raise too great a risk of toxic gases seeping from the gasifier into the mine workings.

But there is a third possibility that excites the NCB, namely untapped (and largely unsurveyed) coal reserves to the east of the U.K., extending under the North Sea, at depths of 3,000 feet or greater. This is the reason why the NCB is going to observe closely experiments now being set up in West Germany, Belgium, the U.S. and Canada, and to collaborate if possible on the basis of its own past experience with UCG. It wants to know not only what contribution new technology for drilling and for controlling underground reactions might make towards reducing costs, but what might be the environmental consequences of large-scale operations.

It knows that the frequency of borehole spacing precludes UCG operations near built-up areas, but it cannot yet clearly visualise the environmental impact of an industrial operation which "walks" slowly across the landscape. On the basis of the resurgence of interest in several nations since 1972, it envisages that certain countries could be ready to start a large-scale demonstration, perhaps in collaboration, within about five years.

* *Underground gasification of coal: A National Coal Board reappraisal 1976, by P. N. Thompson, J. R. Mann, and F. Williams*

David Fishlock
Science Editor

Meanwhile the pitmen hold the stage

[THE] MEMORABLE winters of [1972] and 1974 have ensured [that i]t will be many years [before] Britain's 247,000 miners [are ta]ken for granted again, and [the h]ighly political National [Union] of Mineworkers must be [a cen]tral factor in any con[sidera]tion of the industry's [future.]

[Pros]pects for the success of [the pr]esent phase of pay policy [were g]reatly increased when a [majority] of miners voted to sup[port it] at the special TUC Congress in June—although by a majority which was by no means overwhelming—but a clash is still a possibility over demands for early retirement, on which the union will begin negotiations with the National Coal Board next month.

Delegates to the NUM conference in July unanimously agreed to demand retirement at 60 from January 1 with a phased reduction to 55 by 1980. The conference added a further demand that full pay should be maintained until 65 and decided to ballot members on industrial action if the first of its demands is not met by the January deadline.

Most European miners retire earlier than their fellows in the British industry and there is considerable sympathy for the general idea of early retirement.

The Prime Minister quickly promised that the subject would be "seriously considered," although the claim cannot be met at present because of the pay limits, and Coal Board officials accept the justice of some action on early retirement. Immediately, however, the important question is how far the miners' executive will push their claim for a five-year cut in the retirement age from January, and whether the issue would be supported to the point of industrial action by the average worker.

There are observers on both sides of the industry who believe that the unanimously tough line taken by conference delegates on early retirement—induced in part, perhaps, by having no wage motions to get their teeth into because of the decision to support the pay policy—will not be reflected by the membership at large.

The National Coal Board will propose at next month's talks a scheme which would reduce the retiring age from 65 to 62 in annual stages, financed if possible not by the industry but by the Government. Although this may contain the basis of an eventual compromise agreement it would not satisfy the demands set by the conference and the coalfield ballot would have to go ahead.

If the men in the coalfields reject immediate action to cut five years off the retirement age from next year it will not only

CONTINUED ON NEXT PAGE

The promise of the new pits

IF THE coal prospectors had drilled a little deeper at the beginning of this century they would have found the rich Barnsley seam extending under the Selby area of east Yorkshire and the whole development of northern coalmining would have been different. Selby might have become the centre of a ring of coal-mines as did Doncaster. But the Selby coal remained undiscovered until recently.

Now that the 110 square miles of the coalfield has been delineated and planning permission had been given by the Government for the coal to be extracted modern techniques give a guarantee that the landscape will not be disfigured in the way earlier mining methods left their scars on other parts of Britain.

Work is now going ahead on the surface approaches for the £400m. project. When the surface work and access roads are ready work will begin on a radical scheme for bringing the entire output of the mine—some 10m. tons a year—to the surface at one point. Across the 100 square miles there will be just five mine installations to take men, materials, and ventilation air into the underground workings. All coal will travel underground to a drift mine exit at Gascoigne Wood west of Selby. There the coal will come up on conveyor belts for shipment straight to power stations.

There will be no unsightly pit villages. The coalfield will need only 4,000 men and they will live in existing communities. All interested parties have come out against the establishment of separate mining townships.

The local authorities and the NCB are working together to provide homes, schools and other amenities for the new population within the existing social fabric.

The Selby Project, as the NCB calls it, will be the first time anywhere that the entire coal content of a deep coalfield has been worked as one mine. With an expected life stretching well into the next century it represents one-quarter of the NCB's total expansion plan for the industry.

Special precautions are being taken to protect the environment. Pillars of coal will be left underground at certain points. One will support a sensitive river bend. Another will be left to protect Selby and its Abbey. Coal will not be mined under the main north-south railway line for the time being. But it is possible in time that the line may be diverted to avoid the mining area.

Centrepiece

While Selby will be the centrepiece of the NCB's development programme it is flanked by a series of other schemes which rank among the most ambitious in Britain's mining history.

A £20m. development scheme is going ahead for Silverdale Colliery, North Staffordshire, a pit which has been consistently profitable and productive. In effect a completely new colliery is to be sunk there to exploit new seams. Production will continue on that site until well into the next century. Also in the western area of England, two pits, Hem Heath and Florence, are being linked together in an £18m. scheme to give one mine complex with an output of 2.5m. tons of coal a year.

The NCB is also expected to seek permission to sink what is being called a "superpit" east of Stafford. The Park Colliery scheme is already facing local opposition. If the £70m. scheme goes ahead, however, Park will give access to 100m. tons of coal and will be in operation by the mid-1980s.

Meanwhile the Board's programme of smaller pit development is accelerating. A drift mine involving the latest technology of coal mining was opened this month at Royston near Barnsley. With an output of 500,000 tons a year it is typical of the smaller economic units the Board is trying to develop. Only 300 men will be employed at Royston. Productivity is projected at 7 tons per man shift compared with the NCB's national average of 2.3 tons per manshift. The mine was sunk in just two years.

The need to increase production of coking coal for the steel industry is urgent if higher imports of this special coal are to be avoided. The NCB now has schemes costing £90m. under way or planned to increase output. At present demand and output are roughly in balance but the NCB is concerned that there is no margin. Pits involved in major coking coal schemes include two in the north east, four in Yorkshire, one in Cumberland, two in Staffordshire, one in South Wales, and one in Kent.

Under the pleasant countryside of the Vale of Belvoir in an area between Nottingham, Grantham, and Melton Mowbray, the NCB believes it has a new coalfield even bigger and richer than Selby. Clearly a decision would have to be taken at Government level to introduce coal-mining to this part of England. But the NCB is excited by the prospect of using techniques similar to those applied at Selby to tap still greater coal resources in the Belvoir area without disturbing the countryside.

Bigger

There is certainly more than 400m. tons of coal in the coalfield and the NCB believes that the whole field could be much bigger than that. Exploratory drilling is still going on "and every hole we put down strikes coal," an official said.

Independent consultants have advised the Board that the reserves already known could be mined from one centrally situated colliery. But even if permission were given and investment begun in the Vale of Belvoir it is unlikely that a mine there would be in full production before the late 1980s.

It is already known that the principal coal seams in the 40 square miles of the Vale are the Deep Main and the Parkgate. The Deep Main is between seven feet and 12 feet thick and the Parkgate is between five feet and 13 feet thick. Depths vary between 1,300 feet and 2,200 feet.

Opencast mining is now being given priority in NCB planning as one of the quickest and cheapest methods of expanding coal production. The Opencast Executive of the NCB which has its own headquarters at Harrow is being charged with increasing production from 11m. tons to 15m. tons by 1980. But the industry foresees opportunities to raise production beyond that point to some 20m. tons a year in the 1980s.

Opencast mining has attracted a great deal of opposition in Britain; much of it unjustified. The coal is certainly cheap. After paying compensation to landowners for the temporary loss of use of their land, and after restoring the land completely, the profit upon opencast coal to the NCB is in the region of £1.50 to £2 a ton.

The Opencast Executive has developed a battery of skills for handling and reinstating land with the minimum of disturbance.

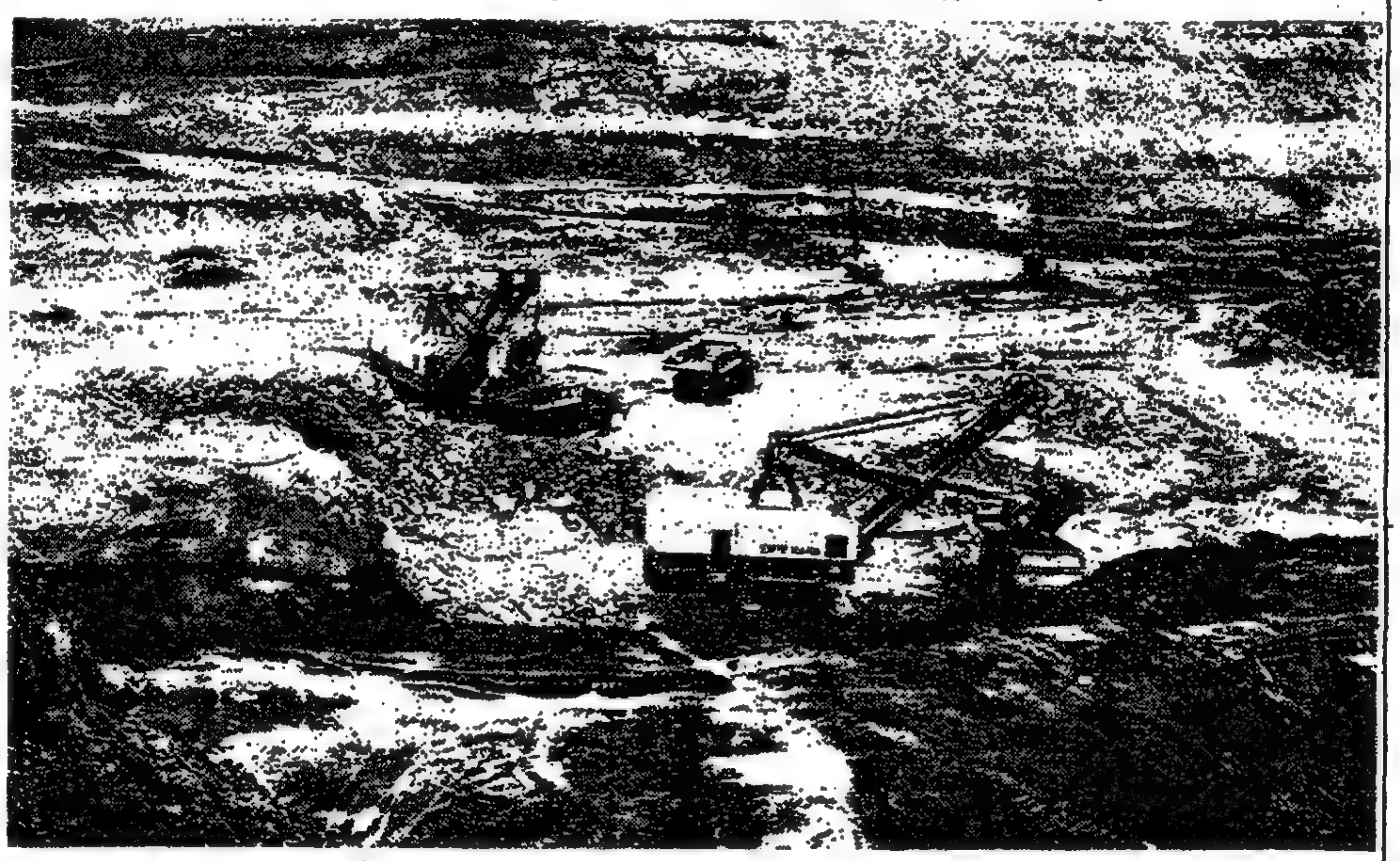
The modern trend is to work land which is already suffering from industrial dereliction. By removing old pit tips, closing off old mine workings, and providing graded topsoil and plantations afterwards the Opencast Executive claims its contractors leave the parts of the country where they work in a far better state than beforehand.

The Government is supporting the expansion of opencast mining. During the summer Mr. Benn, the Energy Secretary, authorised four new sites which will enable some 5m. tons of coal to be recovered. Two are in the north east, one in the north west, and a 4m. ton site is being exploited at Cannock, Staffordshire. Opencast production in Britain is now running at a higher level than for many years.

The biggest victory for the opencast system for many years also came within the last months with permission being given for the big Butterwell site in Northumberland to be worked for the next ten years to extract 12m. tons of coal.

Opencast is an essential source for some coking coals and smokeless coals and also a source of good quality steam coal to mix with the output from deep mines to produce a marketable quality of coal.

R.



Opencast mining continues to make a useful contribution to overall supply. One of the biggest open pits in Europe is Westfield, near Kinross, in Scotland, operated by Costain Mining.

Pitmen

CONTINUED FROM PREVIOUS PAGE

be because the demand challenges the pay policy and would be condemned by the rest of the trade union movement. The NUM's own industrial relations department has already calculated that cutting the retiring age to 55 by 1980 would deprive the industry of about one-third of its labour force.

The average age is higher in mining than in many other industries and the Coal Board already has difficulty finding enough new young recruits to replace men as they retire at 65. No matter how attractive a prospect instant retirement at 60 might appear many miners are likely to conclude that the price to be paid would be further productivity problems and pit closures.

There are grounds for hoping, therefore, that the early retirement question will be resolved peacefully. Progress on the much more fundamental question facing the industry—finding a way of lifting productivity—remains slow. Despite constant exhortations to the miners to produce more coal now, Sir Derek Ezra, chairman of the National Coal Board, admitted at the NUM conference in July that the industry's overall performance was "poor" and warned that there was a danger of running out of coal if the economy picks up in the coming year.

Dropped

Coal output fell 3m. tons short of the Board's 115m. tons target last year and the current year has got off to an even worse start. In the first 12 weeks of the current financial year production was 27.2m. tons, 1.66m. tons less than the same period in 1975. Output per manshift dropped 1.1 cwt compared with the previous year to 44.1 cwt. Coal is having to be taken from stocks at a time when they should be growing. While productivity has been declining absenteeism has increased, reaching particularly serious levels during the recent hot summer months.

It is against a background of figures like this, which seem to play into the hands of the miners' most glib critics, that the NUM has set up a working party to look once again at the possibility of introducing a meaningful incentive payment scheme. The working party will report to the executive on a selection of schemes, one of which will then be chosen and referred to a special delegate conference.

The last attempt to establish a pit-based incentive scheme, regarded by the Coal Board as essential to reach anything near maximum possible output, was rejected in a pithead ballot in 1974. This was followed by the introduction of a national scheme which has failed to improve productivity, has paid bonuses only once and, both sides of the industry agree, has proved a hopeless failure.

The working party will now consider a selection of alternative schemes calculated on output at national, area and pit level. NUM moderates and Coal Board officials—both of whom doubt whether some miners appreciated how much they stood to gain under the rejected 1974 proposals—remain convinced that only incentive payments based on output of individual pits can actually have any impact on the productivity problem.

They also believe that a majority of men in the coalfields are ready to accept such a scheme. Whatever the accuracy of this calculation, however, any attempt to re-sell pit-by-pit productivity will be ensured the same furious Left-wing opposition which helped produce the defeat of the 1974 proposals.

Piecework disappeared from the pits with the introduction of the National Power Loading Agreement in the 1960s. Common earnings throughout the country, and the consequently greater importance of the national pay claim, were a major factor in giving the federal NUM a stronger sense of national unity. Left-wingers see a return to anything resembling piecework as something which will set pit against pit and threaten a decline in safety standards. They also see, with perfect clarity, that a system which made a considerable proportion of a miner's weekly wage dependent on performance at local level would also much reduce the chances of organising another national pay confrontation like 1972 and 1974.

Regardless

Supporters of local incentive arrangements see the present situation, with men throughout the country collecting the same pay packets regardless of the amount they produce, as more likely to set pit against pit than a properly organised productivity plan.

Like early retirement, a new incentive plan cannot be introduced during the present phase of pay policy, which runs until next August, although some NUM officials would like the Government to give special dispensation for it to start earlier if it really was going to provide the nation with more coal. Certainly none of the verbal appeals to the miners, and there have been many, to raise production have been successful. A locally-based incentive scheme, the National Coal Board and many NUM officials remain convinced, is the only answer but it will not arrive before another emotional "Blood on the Coal" campaign from the Left of the union.

Alan Pike

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is ...ented below with quotations on London. Irish issues, most of which are not ...nally listed in London, are shown separately and with prices as on the Irish ...ange.

...ay Inv. 20p	19	......	Eugsons Brew.	80	......	**IRISH**		
Spinning...	34	......	I.O.M. Stm. £1.	140	......	Conv. 9% '80/82	£92½	......
...am	27	......	Holt (Jos.) 25p.	250	......	Alliance Gas	54	......
...wtr. Est. 30p	136	−2	Nuneaton Co.	30	......	Arnott	210	......
...er Croft	24	......	Lovell's Ship £1.	97	......	Carroll (P.J.)	105xd	+2
...& Rose £1	350	......	Nat. Goldsmith	27	......	Clondalkin	40	......
...on (F.A.)	17	......	P.M.A.	28xr	......	Concrete Prods.	40xd	......
...& McHdy.	65	......	Pearce (C. H.)	85	......	Heiton (Hldgs.)	25xd	......
...nt Frk. 10p.	22	......	Peel Mills	12½	......	Ind. News	38xd	......
...red	11	......	RobbCaledonSh.	53	......	Ins. Corp.	154	......
...Forge	34	......	Sayers 12½p	16	......	Irish Distillers.	47	......
...ay Pkg. 5p.	16	......	Sheffield Brick	82	......	Irish Ropes	90	......
...g Ship. £1	340	......	Sheff. Refrsbmt.	135	......	Jacob	57	−1
...on Seigh 10p	7	......	Shiloh Spinn.	25	......	Sunbeam	12	......
			Sindall (Wm.)	50	......	T.M.G.	76	......
						Unidare	69xd	−½

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101[illegible]	99⅞	Treasury 10½pc 1976‡‡	99[illegible]	......	10.57	12.36
98[illegible]	95[illegible]	Treasury 6½pc 1977‡‡	97[illegible]xd	+⅛	6.42	12.19
97¾	94½	Electric 3pc 74-77	96[illegible]xd	+⅛	11.56	11.00
103[illegible]	92[illegible]	Treasury 11½pc '77‡‡	99½xd	+⅛	11.56	12.05
95⅛	91⅞	Treasury 3pc '77‡‡	93½	+¼	3.21	8.95
95⅝	92¼	Transport 4pc '72-77	93¾	+⅛	4.26	9.32
99[illegible]	90½	Treasury 9pc 1978‡‡	96[illegible]xd	+⅛	9.37	11.98
101½	97	Treasury 10½pc '78‡‡	97⅝	+[illegible]	10.75	11.93
93⅜	89⅝	Exchequer 5pc '76-78‡‡	92[illegible]xd	+⅛	5.43	9.14
103[illegible]	97½	Treasury 11½pc '79‡‡	98[illegible]xd	+[illegible]	11.66	12.17
88⅞	83⅝	Treasury 3pc '79‡‡	86[illegible]xd	+⅛	3.47	8.16
89⅝	73⅞	Electric 4½pc '74-79	86½xd	......	4.91	9.48
100[illegible]	94[illegible]	Treasury 10½pc '79‡‡	94[illegible]	......	11.07	12.51
88¾	83⅝	Electric 3½pc '76-79	85⅛	+⅛	4.11	8.98
96[illegible]	90¾	Treasury 9pc 1980‡‡	91[illegible]	......	9.88	12.25
96½	91[illegible]	Treasury 9½pc '80‡‡	91[illegible]	......	10.43	12.60
86	82¼	Treasury 3½pc '77-80	83½	+⅛	4.19	8.74
89½	71	Funding 5¼pc '78-80‡‡	85½	+⅛	6.14	9.96
103[illegible]	96[illegible]	Treasury 11½pc 1981‡‡	96⅞	+⅛	11.87	12.41
86	79	Treasury 3½pc 1979-81	82¼	+⅛	4.23	8.22
95⅝	89¾	Treasury 9¾pc 1981‡‡	89⅞xd	+⅛	10.85	12.77
		Five to Fifteen Years				
94⅝	86	Treasury 8¼pc '80-82‡‡	86⅞	+⅛	9.55	12.28
107¼	95⅝	Treasury 12pc 1983‡‡	95⅞xd	+¼	12.51	12.95
81⅛	73¾	Funding 5½pc '82-84‡‡	74¾	+⅛	7.45	10.73
87½	79⅝	Treasury 8½pc '84-86‡‡	80	+⅛	10.84	12.34
74⅞	67⅝	Funding 6½pc '85-87‡‡	68¼	+⅛	9.88	12.36
77⅝	70	Treasury 7¾pc '85-88‡‡	70¾	+⅛	11.20	13.01
51¼	45⅝	Transport 3pc '78-88	47⅝	+⅛	6.38	11.20
59¾	51½	Treasury 5pc '86-89	51¾xd	+¼	9.59	12.54
103¼	93½	Treasury 13pc 1990‡‡	93⅞	+⅜	14.18	14.40
75⅝	68	Treasury 8¼pc '87-90‡‡	69	+⅛	12.33	13.63
60	51⅝	Funding 5¾pc '87-91‡‡	51⅝xd	+¼	11.07	13.31
		Over Fifteen Years				
100½	87⅝	Treasury 12¾pc '92‡‡	90½	+⅜	14.39	14.61
98½	85¾	Treasury 12½pc '93‡‡	88½	+⅜	14.48	14.69
58	48⅞	Funding 6pc 1993‡‡	49⅛xd	+¼	12.21	13.85
75⅝	66⅛	Treasury 9pc '94‡‡	68⅜	+¼	13.76	14.40
36½	32⅛	Gas 3pc '90-95	32⅝	+¼	9.52	12.64
100	87½	Treasury 12¾pc '95‡‡	91½	+⅜	14.62	14.74
75⅞	64⅝	Treasury 9pc '92-96‡‡	64⅝xd	+¼	13.93	14.49
95¼	93[illegible]	Exchequer 12¼pc '96‡‡	93½	+⅜	14.72	14.82
35½	30½	Redemption 3pc 1986-96	30[illegible]xd	+¼	9.71	12.44
102½	88	Treasury 13¼pc '97‡‡	92	+⅜	14.72	14.79
70⅝	62⅞	Treasury 8¾pc 1997‡‡	62⅞	+¼	14.05	14.53
57⅞	50⅛	Treasury 6¾pc '95-98‡‡	51⅞	+¼	13.68	14.43
76	65½	Treasury 9½pc 1999‡‡	66⅛	+¼	14.28	14.59
31½	27¼	Funding 3½pc '99-04	27⅞	+¼	12.83	13.75
65	55	Treasury 8pc '02-06‡‡	55[illegible]xd	+¼	14.36	14.55
46⅛	38¾	Treasury 5½pc '08-12‡‡	38½xd	+¼	14.31	14.46
60⅞	52¼	Treasury 7¾pc '12-15‡‡	54¼	+¼	14.58	14.61
		Undated				
30⅝	26⅝	Consols 4pc	27	......	15.09	—
27⅞	24⅝	War Loan 3½pc‡‡	25¼	......	14.44	—
28⅞	24⅞	Conv. 3½pc '61 Aft.	24⅞xd	......	13.98	—
23¼	20	Treasury 3pc '66 Aft.	20xd	......	14.82	—
19⅝	17	Consols 2½pc	17⅛xd	......	14.48	—
19½	16½	Treasury 2½pc	16½xd	......	15.05	—

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 42% (based on $1.7375 per £)

Conversion factor 0.7037 (0.6946)

CANADIANS

[illegible]

S.E. List Premium 42% (based on $1.6831 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
32½	Hutch. Int. $HK1	54	−1	—	—	—	—
5¼	Hyman (I. & J.)	10	......	d0.16	φ	2.5	φ
14½	I.C. Industries	£16⅞	......	Q$1.40	—	4.7	—
88	Imp. Cont. Gas £1	288	−4	7.98	2.3	4.3	15.3
17	Ingall Inds. 10p	18	......	g1.57	1.7	13.4	7.1
49	Initial Services	49	......	3.68	1.5	11.6	8.6
6½	Inter-City 20p	6½	−½	0.8	2.5	20.5	3.0
10	Int. Computers £1	117	+1	0.65	32.9	0.9	4.8
24½	James (John)	25½	......	2.27	1.7	13.7	5.9
23	James (M) 10p	25½	......	2.57	1.2	15.5	7.9
98	Jardine M. $HK5	320	−4	Q65c	2.3	2.3	19.5
7¼	Jentique 5p	7½	......	†0.49	2.4	10.1	6.4
13	Johns'n & B.12½p	13	......	bd0.78	1.4	10.5	(8.2)
27½	Johnson Clrns.	27½	......	†2.32	2.0	13.0	5.9
10	Johnson Mthy. £1	313	−2	11.08	3.6	5.4	7.2
12	Judge Int.	14	......	‡1.85	1.7	‡	—
18½	Kalamazoo 10p	18½	......	1.57	1.4	13.1	8.4
45	Kelsey Inds. 12½p	46	......	2.63	3.5	9.0	4.6
12	Kennedy Sm. 10p	12xd	......	1.36	φ	17.5	φ
75	Kershaw (A.) 5p	487	+12	12.81	0.6	4.1	—
64	Kleeman	170	......	†d4.26	6.0	3.9	6.8
27	Kode Int.	37	......	1.33	3.3	5.6	8.5
60	L.C.P. Hldgs.	64	......	3.9	1.6	9.4	9.9
21	L.K. Ind'l Invs.	22	......	2.14	1.8	15.7	5.3
33	L.R.C. Int. 10p	41	+½	3.09	1.8	11.6	6.7
62	Lamson Inds.	62	......	2.5	2.4	6.2	9.6
16	Lawtex	18	......	‡2.58	2.0	‡	—
18	Lead Inds. 50p	122	......	5.09	3.4	6.4	7.0
55	Leadenhall Stg.	55	......	3.32	2.8	9.3	4.3
42	Le Bas (Ed.)	55xd	......	†1.48	14.6	4.1	2.7
28½	Lebolf Fobel 10p	31	......	1.48	2.4	7.3	8.8
32	Lebus Harris	35	......	2.93	3.2	12.9	2.7
23	Leigh Inds. 5p	26	......	0.89	8.4	5.2	3.5
73	Leisure Car. 10p	80	......	4.82	1.9	9.3	8.9
90	Lep Group 10p	102	−2	2.54	5.9	3.8	6.0
35½	Lesney Prods. 5p	56	......	†2.34	5.5	6.4	5.5
61	Letraset 10p	62	−1	2.54	3.5	6.3	6.0
8½	Liden 10p	10½	−½	—	—	—	—
31	Light & Leis. 10p	33	......	†2.0	3.7	9.3	7.8

[illegible]

INSURANCE

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
86	64	Bowring (C.T.)	65	+1	12.64	2.6	6.2	10.8
41	27½	Brentnall Bd. 10p	34	......	†1.14	2.7	5.2	13.6
156	118	Britannic 5p	118	......	7.47	—	9.7	—
950	720	Continental Am. $1	925	−5	†Q66c	—	4.0	—
158	106	Comm. Union	110	+1	6.77	—	9.7	—
144	104	Eagle Star	106	−2	4.99	—	7.2	—
£128½	£104	Ennia UK 9%Cnv.	£104	−1	Q9%	—	†8.8	—
184	114	Equity & Law 5p	116	......	5.44	—	7.2	—
190	140	Gen. Accident	147	−1	†6.38	—	6.8	—
225	166	Guardian Royal	166	−2	†8.27	—	7.9	—
434	264	Heath (C.E.) 20p	360	......	†13.0	4.9	5.6	10.4
*179	132	Hogg Robinson	132	−1	†5.52	4.1	6.5	9.7
176	120	Howden (A.) 10p	120xd	......	g2.71	5.8	3.5	8.0
148	102	Legal & Gen. 5p	103	......	4.65	—	7.0	—
139	94	Les. & Gdwn. 10p	97	+1	3.69	2.5	5.9	10.4
140	90	Lon. & Man. 5p	90	......	4.64	—	7.9	—
64	52	London United 5p	56xd	......	3.42	1.8	9.0	9.5
226	154	Mathew Wr. 20p	190	......	†6.04	2.5	6.6	9.4
140	100	Minet Hldgs. 20p	112	......	2.64	2.3	3.6	14.2
250	174	Pearl 5p	174xd	......	†10.24	—	9.1	—
240	180	Phoenix	182	−2	†8.42	—	7.3	—
148	110	Provident "A"	110	......	6.65	—	9.3	—
148	110	Do. "B"	110	......	6.65	—	9.3	—
146	104	Prudential 5p	104	−1	5.41	—	8.0	—
130	100	Refuge 5p	106	......	6.83	—	9.9	—
352	266	Royal	274	......	†13.39	1.6	7.7	12.2
262	210	Sedg. Forbes 10p	210	......	†8.59	1.7	6.3	15.3
113	84	Stenhouse	85	......	†3.63	2.0	6.6	11.9
470	358	Sun Alliance £1	358	−2	†16.4	—	7.2	—
98	63	Sun Life 5p	64	......	†2.79	—	6.7	—
870	695	Taisho Mar. EDR	845	+20	Q11%	—	1.1	—
157	130	Trade Indemnity	130	......	†6.83	—	8.2	—
£30⅛	£20⅞	Travelers $2.50	£28⅞	−½	Q$1.08	—	2.1	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
710	250	Blyvoor 25c	330	−10	Q75c	φ	14.7
£14	440	Buffels R1	565	−15	Q125c	φ	14.3
198	70	Deelkraal R0.20	98	−6	—	—	—
760	125	Doornfontein R1	210	−10	Q55c	φ	16.9
965	330	East Drie R1	450		Q75c	1.7	10.1
280	122	Elandsrand Gld 20c	142	−5	—	—	
190	44	Elsburg R1	72	−4	‡Q13.5c	1.0	‡
£16½	520	Hartebeest R1	700	−50	Q190c	φ	19.8
695	260	Kloof Gold R1	320	−20	Q47c	φ	9.5
760	140	Libanon R1	225	−15	Q80c	φ	23.0
740	230	Southvaal 50c	310	−10	Q8c	1.3	1.7
245	92	Stilfontein 50c	130	−2	‡Q36c	2.3	‡
£20¾	700	Vaal Reefs 50c	800	−75	‡Q175c	2.1	‡
420	48	Venterspost R1	98	−4	‡Q70c	1.9	‡
£35	£11¼	W. Drie R1	£14¼	−¼	Q335c	φ	14.7
315	68	Western Areas R1	115	−5	‡Q52c	1.4	‡
£15¼	480	Western Deep R2	640	−5	[illegible]	1.6	‡
290	100	Zandpan R1	130	−10	Q31c	φ	15.0

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
170	60	Free State Dev. 50c	70	......	Q9c	0.6	0.4
£22½	715	F.S. Geduld 50c	950	−50	Q200c	φ	1.4
200	50	F.S. Saaiplaas R1	85	−5	[illegible]		4.6
465	170	Harmony 50c	220	−35	‡Q65c	φ	‡
195	38	Loraine R1	73	−12	Q6c	0.5	5.3
£18½	675	Pres. Brand 50c	875	−25	Q170c	φ	1.3
£13	395	Pres. Steyn 50c	490	−10	Q45c	φ	6.0
£23⅛	750	St. Helena R1	887	−13	Q170c	φ	12.7
174	70	Unisel	95	−5	—	—	—
330	140	Welkom 50c	190	−15	Q15c	φ	‡
£25½	950	W. Holdings 50c	£13¼	......	Q310c	φ	0.1

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
85	35	Botswana RST P2	57	−1	—	—	—
335	170	Messina R0.50	192	−5	†Q35c	1.9	11.8

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	......	0.1	φ	2.0
*35½	19	Charterhall 5p	19½xd	−½	—	—	—
990	580	Cons. Murch. 10c	650	−50	†Q80c	1.8	8.0
455	295	Northgate C$1	320		—		
239	164	R.T.Z.	164	−4	5.42	2.1	5.1
112	80	Sabina Inds. C$1	87	......	—	—	—
£15⅞	£10	Tara Exptn. $1	£14	−¼	—	—	—
45	32½	Tehidy Minerals 10p	43	......	h1.08	φ	3.9
145	84	Yukon Cons. C$1	137	+2	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Based on 1975 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ✣ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 24

FINANCIAL TIMES
Wednesday September 15 1976

KISSINGER LAUNCHES BID TO SOLVE S. AFRICAN CONFLICTS

Unrest as Smith meets Vorster

BY STEWART DALBY

JOHANNESBURG, Sept. 14.

MR. JOHN VORSTER, the South African Prime Minister, held two meetings to-day with Mr. Ian Smith, the Rhodesian Premier, as Dr. Henry Kissinger, the U.S. Secretary of State, arrived in Tanzania to begin a major effort of diplomacy to find a peaceful solution to the conflicts in the region.

The South African diplomatic initiative came amid continuing domestic disturbances in South Africa itself. Police reported that 900 arrests had been made in the black township of Alexandra, on the outskirts of Johannesburg, as a three-day work boycott continued to deprive city businesses of up to 70 per cent. of their staff.

In other black demonstrations 700 schoolchildren were arrested en masse—600 in Port Elizabeth and 200 in Durban—when they staged protest marches. But Cape Town had its quietest day since rioting started among "coloured" (mixed race) people there a month ago.

The meeting with Mr. Smith was Mr. Vorster's first since he met Dr. Kissinger in West Germany in June, at the start of the U.S. Secretary of State's effort to find a basis for an initiative in Southern Africa.

While Dr. Kissinger was greeted in Dar-es-Salaam by a Tanzanian Government statement urging the U.S. to side with the liberation movements in the region, there was no public hint of the substance of the Smith-Vorster meeting.

It is thought highly unlikely that Mr. Smith will attend any meetings between Mr. Vorster and Dr. Kissinger. He was expected to leave South Africa tonight to return for the congress of his ruling Rhodesia Front party in Umtali.

The Rhodesian Prime Minister, looking grey and very tired, slipped out from a back door of the Union Building in Pretoria, and declined to speak to the Press.

The meeting took place against the background of Mr. Vorster's speech last night during which he said that South Africa would not support sanctions against Rhodesia, even though Rhodesia had a different policy from South Africa. Ostensibly, this served notice that Mr. Vorster would effectively ensure Rhodesia's survival.

However, Mr. Vorster may have brought home to Mr. Smith just how much international pressure he is under to force Rhodesia to expedite majority rule.

The work boycott by blacks in Soweto, aimed to coincide with the week of international meetings, carried on into a second day. Some companies again reported that they had a 70 per cent. absentee rate, although others said more workers showed up to-day than yesterday.

The areas around Cape Town were reported quiet to-day, although in recent days events have taken an alarming turn there with at least four coloureds reported shot by white vigilante groups. These groups have started to spring up since Mr. Jimmy Kruger, the Minister of Justice and Police, first proposed their formation.

John Stewart reports from Cape Town: The Coloured Persons Representative Council decided unanimously here to-day to adjourn for a week while a special deputation of six members sought urgent talks with Mr. John Vorster, the Prime Minister, on present unrest.

Bridget Bloom reports from Dar-es-Salaam: The Tanzanian Government to-day called on the U.S. to make it clear that it was on the side of "those who fight for freedom" in southern Africa and not on the side of minority "racist regimes."

A statement issued by the Tanzanian Ministry of Information and clearly bearing the stamp of approval of President Nyerere himself as well, it said, of the other "front-line" African presidents, called on the U.S. Government to declare that if a peaceful transfer of power is impossible because of the intransigence of the racists the U.S. will be on the side of those who fight for freedom.

The statement, issued only a few hours before Dr. Kissinger was due to touch down here for the beginning of a new round of shuttle diplomacy, said that there were both positive and negative aspects to the U.S. Secretary of State's interest in southern Africa.

What was positive was the public U.S. declaration of suport for majority rule in Rhodesia and Namibia; its public condemnation of apartheid and "the fact that America has the power to apply political and economic pressure on the enemies of freedom and equality in southern Africa."

But there were also negative aspects, the statement said. The U.S. initiative was in danger of encouraging the white governments in both Rhodesia and South Africa to believe that ultimately the U.S. would support them, since they, like the U.S., had declared themselves to be fighting Communism in Africa.

Publication of the statement is yet another indication that Dr. Kissinger's task of trying to secure negotiated settlements in Rhodesia and Namibia in the next few days will be far from easy.

Dr. Kissinger is to meet President Nyerere to-morrow and then hold discussions with President Kenneth Kaunda of Zambia on Thursday before flying to meet Mr. Vorster in Pretoria on Friday.

Rhodesia Front congress, Page 8

Liberals pose new threat to devolution legislation

BY RICHARD EVANS IN LLANDUDNO

DEVOLUTION legislation, already threatened by the Conservatives and renegade Labour MPs, may also be opposed by Liberal MPs unless Ministers concede a proportional representation system of voting to the proposed Scottish and Welsh Assemblies.

Many senior Liberals, meeting here on the eve of the party's Assembly, are becoming increasingly convinced that the party's prime need in its present depressed state is for reform of the electoral system.

They believe their best chance of bringing this about could come when the Devolution Bill is introduced early in the next Parliamentary session.

Prospects for the Bill, on which the Government's electoral fortunes in Scotland could depend, would be bleak if the 13 Liberal MPs withheld their support.

Hard core

Conservatives have made it clear they will oppose the Bill and a hard core of up to 20 Labour backbenchers is threatening rebellion.

The Government depends on the backing of minority parties to gain the Bill's second reading.

The idea being canvassed here, with the backing of Mr. Jo Grimond and other influential party members, is to wring concessions on electoral reform out of the Government in return for support for the devolution legislation.

They are looking to Mr. David Steel, the new party leader, to commit the party in his Assembly speech on Saturday to taking every possible action to secure electoral reform, which they believe to be the only realistic way the Liberals can expect to gain any political power.

Mr. Steel said at his eve-of-assembly Press conference that the party was still conducting an argument on strategy for the devolution Bill. MPs had taken no collective view on the merits of a Bill that had yet to be published. But Mr. Emlyn Hooson, leader of the Welsh Liberals, confirmed that proportional representation was in his view "very important indeed" for a Welsh Assembly.

The Government's Bill proposing more powers to the devolved Assemblies will recommend that elections should be on the present "first past the post" system. The Government has turned down the unanimous recommendation of the Kilbrandon Commission that the Assemblies should be elected by proportional representation.

Launching a new campaign to persuade the party to make electoral reform its overriding priority, Mr. Christopher Mayhew, the Liberal candidate and former Labour MP, said yesterday he thought their support for devolution should be conditional on the inclusion of proportional representation.

Support for considering withholding backing for the Devolution Bill also came from Mr. Russell Johnston, MP for Inverness and chairman of the Scottish Liberals.

The possibility of Liberal inclusion in a future coalition is another key issue for this week's Assembly.

Mr. Steel said he will be outlining on Saturday his views on electoral reform and whether the Liberals should be prepared to join a coalition Government in order to achieve their objectives.

"Coalition may have to be one of the processes on the path to Liberal power, that is all," he declared. Before the Liberals achieved power, it was more likely than not that they would have to be prepared to share power with others.

Mr. John Pardoe, the defeated candidate for the leadership yesterday urged Mr. Steel to commit the party to co-operation with either of the other parties prepared to accept proportional representation.

"After that, Liberals will cooperate and coalesce with whoever will introduce proportional representation."

But outright opposition to any form of coalition remains in some parts of the party, including the Young Liberals.

Mr. Steve Atack, their national chairman, warned Mr. Steel that if he backed coalition in his speech this week he would lose the support of an entire generation.

Heath urges referendum, Page 12

Smith backs new leader

LIBERAL MPs, badly divided by the recent leadership contest, closed ranks behind Mr. David Steel here to-night, on the eve of the party's annual assembly, writes Richard Evans.

Mr. John Pardoe, the defeated candidate for the leadership, pledged his "wholehearted support" for Mr. Steel, and Mr. Cyril Smith, the new leader's most outspoken critic, agreed to take on a new party job.

He will be campaign organiser for a series of regional tours to be made by Mr. Steel. In a petulant outburst during the leadership contest, Mr. Smith said he would never accept any party role if Mr. Steel became leader.

Mr. Steel will attend rallies in Leeds next month and in London in November. In the New Year, three major regional tours are being planned.

Women try to halt violence in Belfast streets

BY KEVIN DONE IN BELFAST

THE WOMEN'S peace movement took to the streets here yesterday in an attempt to bring to an end the two days of violence and vandalism that has seriously disrupted life in some Protestant areas of the city.

For the first time, the women intervened directly in the Shankhill Road to try to halt the wave of vehicle hijacking and bus-burning launched by the Ulster Defence Association on Monday in protest at alleged brutal treatment of Loyalist prisoners in the Maze last week.

About 200 women brought traffic to a halt in the Shankill Road in the early afternoon and tried to stop the passage of UDA-operated black taxis in the area. Eggs and potatoes were thrown at the women and they were booed and jeered by some onlookers. But they promised to return to the street again to-day unless the bus attacks stop.

The UDA said yesterday that it would "effectively curb any further unrest in Loyalist circles" if the Northern Ireland Office would agree to an independent inquiry into last week's events at the Maze, which led to 40 Loyalist prisoners being transferred to the Magilligan Prison near Londonderry and another 80 being transferred temporarily to cells from the Maze compounds.

The transfers followed the discovery of a large number of makeshift weapons in Loyalist compounds, which are assumed to have been collected in readiness for protest at the ending of special category status for convicted terrorists.

The UDA has demanded the return of the prisoners to their compounds and transfer them to cell blocks after a night of disturbances.

The prison officers said yesterday that only the minimal amount of force necessary had been used in the operation. But the warders themselves now face threatened reprisals from the Loyalist paramilitary groups.

The outlawed Ulster Freedom Fighters have warned that all prison staff and their families will be regarded "as legitimate targets" unless the Government accedes to the demands for an inquiry at the Maze.

The campaign of intimidation against prison officers began only hours after the warning was issued. Two officers were taken from their homes at gunpoint and threatened. Shots were fired into another officer's home and hoax bombs were left outside the homes of a further six warders.

Buses burned

The cost of the two days of violence is put at nearly £250,000. Two more buses were hijacked and burned out in the Shankill Road yesterday.

On the political front, Mr. William Craig, leader of the Vanguard Unionist Party, yesterday tried to set up a meeting of leaders of the main political parties in order to establish a session of inter-party talks.

Mr. Craig's move follows the breakdown of bilateral talks between the Social Democratic and Labour Party and the official Unionist Party. He said yesterday: "Those parties sincerely committed to restoring devolved Government should not allow the situation merely to drift."

● The Irish Government was urged by the Fianna Fail Opposition in Parliament yesterday to name Protestant extremist groups in new anti-terror legislation.

Mr. Patrick Cooney, Justice Minister, claimed that the Government did not possess the sort of evidence that would survive a legal challenge. But he added: "I can assure the House that if and when the Government can move on these lines, it will do so providing the interests of the people are served."

Demonstration

Tension at the Maze rose again yesterday as all prison visits were cancelled in the face of a day-long demonstration by Loyalist prisoners' wives and relatives at the main entrance to the gaol. They were protesting at the way visits had already been curtailed to some prisoners.

The Northern Ireland Office said yesterday that a number of the prisoners now being held in the cells would soon be charged with offences against prison discipline. On Friday, 210 warders, some in riot gear were used to separate some of the 180 Loyalist prisoners in three UDA compounds.

Continued from Page 1

Slater Walker

with the orderly realisation of property and investments and further recovery of loans, while developing the investment management side.

The insurance company will be either sold or continued with a narrowed range and level of activities.

As to two major long-term share investments, those in James Finlay and Sekers International, serious consideration is to be given to selling these, after consultation with the Boards, if attractive offers are received.

The Slater Walker bank, which since October has not been doing new business, has been concentrating on collecting its loans, which have been reduced from a peak £111m. in September 1975 to £51m. now.

Against this latter "hard core" total, provisions are expected to reach the £40m. after which the full Bank guarantee should be called into force.

Last night, Sir James told the banking company's staff that a large proportion of them were being made redundant. More than 30 of the 50 employees in this division are expected to go. Only a small team will be needed to deploy the future resources of the bank.

Three major situations account for more than £25m. of the loans which are having to be written off, the largest being £15½m. to the collapsed Charles Spreckley Industries and its private parent company. Cambourne Securities, controlled by property men Mr. Jack Walker and Mr. Ramon Greene.

Another £5m. is the loan to the troubled Equity Enterprises, with which television personality Mr. David Frost has been associated. A similar sum is being written off as a result of the settlement over Slater Walker Securities' large loan to the Singapore-based Haw Par group.

The accountants criticise the small number of very large loans in the balance of Slater Walker's loan book. The four largest loans — from £5m. to nearly £18m.—accounted for as much as 51 per cent. of the whole portfolio, they point out.

Details of loans to directors show that some £1m. was advanced altogether last year to Mr. Slater and Mr. Tony Buckley, who resigned as managing director in the autumn of 1975. Mr. Buckley, to whom loans of £751,000 were outstanding at the year-end, received £500,000 of this as an advance after it had been decided he would leave Slater Walker Securities. A provision was recommended against this because of a short-fall of £325,000 in the security against it. Mr. Buckley is known to have invested some £500,000 in shares of Floreat investment, which afterwards fell sharply.

A house mortgage loan of £119,000 was made to the wife of Mr. Slater, who guaranteed it, while there were also loans, since repaid, of £352,000 to private companies controlled by Mr. Slater.

The documents, which show that the group as a whole incurred a £42m. net loss in 1975, compared with one of £30m. in 1974, also record that two more full-time directors from Mr. Slater's time, Mr. Ian Wasserman and Mr. Michael Booth, are to leave the group after the annual meeting on October 8.

Official suspended in Bank investigation

By Michael Blanden

AN OFFICIAL of the Bank of England has been suspended on full pay while investigations are carried out into alleged breaches of exchange control regulations involving a Bank employee.

The official, Mr. Martin Wales, is described as a member of the supervisory staff working in the exchange control department of the Bank. He is one of some 50 "signatories" in that department, which employs about 750 people. This is not a senior position but carries authority to sign letters replying to exchange control requests.

The Bank would not confirm the name of the individual suspended. A spokesman said that the action was in no way intended to pre-judge the issue, but was in the interests of the individual himself and of the Bank and fellow staff. The official was formally suspended last Friday after being given paid leave.

Treasury enforcement officers were called into the Bank some four months ago, but recently handed over the investigation to the Director of Public Prosecutions. He in turn has called in the Fraud Squad, now known as Scotland Yard's commercial branch.

Mr. Wales said last night: "My only concern is that this thing should be cleared up as soon as possible."

Union gives go-ahead for high-speed train

BY DAVID CHURCHILL, LABOUR STAFF

THE TRAIN drivers' union, the Associated Society of Locomotive Engineers and Firemen, yesterday gave the go-ahead for British Rail plans to bring its 125 mph "super-train" into service next month.

Delegates at a special conference in London voted 32-13 in favour of double-manning of the high-speed trains when travelling over 100 mph and single manning at lesser speeds.

This reverses the decision at the union's June conference that the locomotives should be double-manned at all times.

This decision, BR argued, would lead to double-manning even when shunting the trains into a siding and could have led to demands for two drivers on all other trains.

Yesterday delegates argued that the union should not agree to new technology until the Government had introduced a transport policy which safeguarded railway jobs. In addition, some delegates wanted constant double-manning for safety reasons.

Mr. Ray Buckton, ASLEF general secretary, afterwards issued a warning to Mr. Peter Parker, BR's new chairman, on his second day in the job, that it would be foolish to introduce new technology without an overall plan for transport.

"Our members are naturally worried about their jobs, but we must have this new technology if the railways are to survive."

One driver

ASLEF's agreement means that high-speed trains between London and Swansea, for example, will be double-manned because the trains are scheduled to go above 100 mph. But on a local run between Swansea and Cardiff, the train would have only one driver because of the lower speed.

British Rail said last night that it would introduce the new train on October 4 on the Western Region.

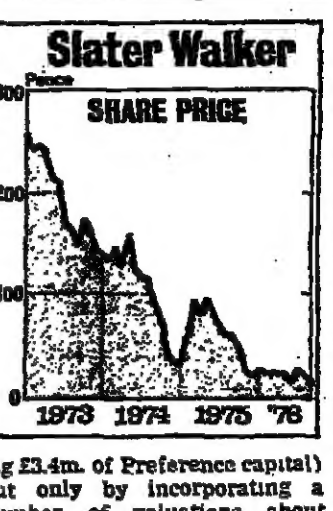
Some high-speed trains are already carrying passengers on trial runs, but at speeds below 100 mph and with two drivers for training purposes.

When the train comes into full operation, it will cut 21 minutes off the journey, from London to Bristol.

THE LEX COLUMN

Slater Walker's narrow escape

Index rose 2.7 to 341.4



There is good news and bad in the Slater Walker accounts and the accompanying accountants' report. The group is solvent, the loan stock trust deed borrowing limits have not been breached and net equity assets are £37.3m., equivalent to 50p a share against a market price of 16p. But this has only been achieved by virtue of a £40m. guarantee from the Bank of England indemnifying Slater against losses on loans. As a result the banking subsidiary has become a non-earning asset, all profits going to the Bank for the foreseeable future: effectively, value has been retained in the balance sheet at the expense of future earnings.

There is no question of Slater Walker paying dividends again until all its liabilities to the Bank have been met—possibly something in excess of £50m. (125 per cent. of £40m. plus interest) although no calls have yet been made under the guarantee. Moreover the group is under an obligation to pump more capital into the banking side—a sum of £10m. initially and possibly another £15m. later —as this becomes available from the realisation of its other assets.

Essentially the reconstituted Board of Slater Walker has been engaged over the past 11 months or so in a struggle to avoid triggering the restrictions associated with a number of its loan stocks. The most restrictive loan stock—which limited group borrowings to twice capital and reserves—was paid off in cash at par last December 31. That left others with a limit of three times, and since year-end debt was just over £100m. a figure for capital and reserves of at least £34m. was necessary. Otherwise, according to the report, the group would have had to be put into liquidation.

Loan provisions

Clearly the loan guarantee was an essential preliminary. It meant that no provision was necessary against bad debts estimated by the reporting accountants last December at £29m. (in addition to £9.6m. already covered by a general provision). The figure has subsequently risen to nearer £40m. including the effects of the Haw Par settlement. With this help from the Bank, Slater Walker has managed to report capital and reserves of £40.7m. (including £3.4m. of Preference capital) but only by incorporating a number of valuations about which the auditors have reservations.

A general provision of £8.25m. has been made against investment property taking the book value down to £57.6m., but since much of this property is still being developed the realisable value is highly uncertain. Moreover, the directors admit that the insurance subsidiaries could not at present be sold for their £6m. book value (written down from £11m.).

Even so Slater Walker has gone through the borrowing limits contained in the articles of association. Although this limit is also three times capital and reserves the definition apparently excludes banking assets (of which a net figure of £21.7m. is included in the consolidated balance-sheet) and the effective ceiling for loans has shrunk to £50m.

By comparison with a breach of the loan stock trust deeds this is a minor offence which can be ratified by shareholders at an extraordinary meeting. The danger of a breach of the trust deeds is still there, however. With Slater Walker still suffering negative cash flow and unlikely to make significant capital profits in the near future the equity is being gradually eroded. So although anyone buying the loan stocks recently in anticipation of a capital reconstruction has been disappointed, stockholders are likely to be offered some kind of inducement in the near future to approve a relaxation of the borrowing constraints.

As for shareholders, the obvious comment is that they are lucky to be still alive. They can thank the negotiating skill of the Board and the need of the Bank of England to prevent a major banking collapse. And it looks as though the stock market has made a pretty good stab at what the share price ought to be. The market capitalisation is £12m.

The problems of the banking side can now be fairly closely defined. Lending has fallen from £90m. last December to a current £51m., of which up to £40m. is bad. but covered by the guarantee: there is little scope for much more to go wrong. According to the auditors the banking subsidiaries does have some positive value —effectively as a reversion. The life insurance fund has now been closed and its liabilities and investments matched, so profit should emerge in due course, though the position of the general branch is more obscure.

The investment management division is profitable—earning £1.47m. pre-tax in 1975—and although a year ago some 7 per cent. of the funds were invested in connected companies as strategic holdings of the group it received a clean bill of health from the reporting accountants, this division does, however, rather badly need a change of name, which can be expected soon.

Property strain

Slater Walker has gone a long way down the road of disposing of its general investments. But there remains plenty of uncertainty on the property side, an area of particular cash strain although funded by debt of over £80m., properties were yielding gross income at an annual rate of only £1.5m. at the end of 1975. Some £18m. of the portfolio has been realised since last September, but £11m. together with interest has been spent, and the development programme will cost another £4m. Slater Walker intends to sell the properties when completed, over the next year or two, a period during which it will remain highly exposed to the property market.

The plan, no doubt, is to turn the group into a neatly disposable package; at least it is unlikely to drag on in uncertain convalescence as long as some of the other victims of the financial crash. There is, after all, no independent role left for the Slater Walker to play.

Weather

U.K. TO-DAY

OCCASIONAL RAIN, dying out in N.W.

London, E., S.E. England, E. Anglia, E. Midlands
Rain in spells. Max. 13C (55F).

N.W., S.W., Cent. S. England, W. Midlands, Wales, Channel Isles, Lakes
Showers, bright intervals. Max. 15C (59F).

N.E., Cent. N. England, Borders, Edinburgh, Dundee, Aberdeen
Rain in spells. Max. 12C (54F).

Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Sunny intervals, showers dying out. Max. 13C (55F).

Moray Firth, N.E. Scotland, Orkney, Shetland C. Highlands
Occasional showers. 11C (52F).

Outlook: Showers in E., mostly dry in W. and N.

Lighting-up: London 19.46, Manchester 19.56, Glasgow 20.06, Belfast 20.12.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm.	C	15	59	Manchstr.	C	12	54
Athens	S	30	86	Melbourne	C	11	52
Barcelona	S	22	72	Mexico C.	S	20	68
Belfast	F	14	57	Milan	F	20	68
Belgrade	S	13	55	Montreal	S	22	72
Berlin	R	16	61	Moscow	S	21	70
Birmghm.	R	11	52	Munich	R	10	50
Bristol	R	13	55	Newcastle	R	12	54
Brussels	C	15	59	New York	S	29	83
Budapest	S	27	81	Oslo	C	13	55
B. Aires	S	17	62	Paris	F	17	63
Cairo	S	35	94	Perth	C	21	70
Cardiff	C	12	54	Prague	C	15	59
Cologne	C	16	61	Reykjavik	F	11	52
Copnhagn.	C	15	59	Rio de J'o	S	29	84
Dublin	R	9	48	Rome	F	26	79
Edinburgh	R	11	52	Singapore	S	27	81
Frankfurt	C	14	57	Stockholm	C	19	66
Geneva	F	17	63	Strasbourg	C	17	63
Glasgow	C	14	57	Sydney	C	16	61
Helsinki	F	19	66	Tehran	S	25	77
Hong Kg.	S	29	84	Tel Aviv	S	27	81
Jo'burg	C	27	80	Tokyo	R	25	76
Lisbon	S	22	72	Toronto	C	23	74
London	R	13	55	Vienna	C	15	56
Luxembrg.	C	13	55	Warsaw	S	27	51
Madrid	S	19	66	Zurich	R	12	54

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	22	72	Las Plms.	F	26	79
Algiers	F	26	79	Locarno	C	16	61
Biarritz	C	18	64	Majorca	S	24	75
Blackpool	C	13	55	Malaga	S	23	73
Bordeaux	C	15	59	Malta	F	27	81
Boulogne	F	14	57	Nairobi	S	22	72
Casablnca.	F	23	73	Naples	S	29	84
Cape Tn.	R	18	64	Nassau	C	30	86
Corfu	S	28	82	Nice	S	22	72
Dubrovnik	F	28	82	Nicosia	S	29	84
Faro	S	22	72	Oporto	F	17	63
Florence	S	21	70	Rhodes	S	27	81
Funchal	F	23	73	Salzburg	R	12	54
Gibraltar	S	24	75	Tangier	S	22	72
Guernsey	R	13	55	Tenerife	F	22	72
Innsbruck	R	13	55	Tunis	F	30	86
Inverness	R	11	52	Valencia	S	24	75
Is. of Man	C	13	55	Venice	C	21	70
Jersey	R	15	59				

S—Sunny. F—Fair. R—Rain. C—Cloudy.

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